

WE LEND TO COMPANIES THAT BUILD AND OPERATE THE INFRASTRUCTURE USED TO GENERATE, TRANSPORT, STORE AND DISTRIBUTE BOTH RENEWABLE AND CONVENTIONAL SOURCES OF ENERGY, AND COMPANIES THAT PROVIDE SERVICES TO THAT INFRASTRUCTURE.

We also lend to companies seeking to facilitate energy transition by decarbonising the energy, industrial and agricultural sectors, building sustainable infrastructure and reducing or sequestering carbon emissions.

We seek to ensure that our investments are having a positive impact on climate change by structuring each deal as either a Green Loan or a Sustainability-Linked Loan, documented using industry best practices.



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All capitalised terms are defined in the list of defined terms on page 79 and 80 unless separately defined.



RIVERSTONE CREDIT OPPORTUNITIES INCOME PLC

Riverstone Credit Opportunities Income Plc is an externally managed closed-ended investment company trading on the Main Market of the London Stock Exchange.

The Company's Ordinary Shares were admitted to the Specialist Fund Segment of the London Stock Exchange plc's Main Market and incorporated and registered on 11 March 2019 in England and Wales with an unlimited life.

INVESTMENT MANAGER

The Company's Investment Manager is Riverstone Investment Group LLC, which is controlled by affiliates of Riverstone Holdings LLC ("Riverstone").

Riverstone was founded in 2000 and is currently one of the world's largest and most experienced investment firms focused on energy, power, infrastructure and decarbonisation. The Firm has raised approximately \$43 billion of capital and committed approximately \$45 billion to 200+ investments in North America, South America, Europe, Africa, Asia and Australia. Headquartered in New York, Riverstone has built a global platform with additional offices located in Menlo Park, Houston, London, Amsterdam and Mexico City. Since its founding, the Firm has grown its presence significantly and currently employs over 90 professionals worldwide.

The registered office of the Company is 5th Floor, 20 Fenchurch Street, London, England, EC3M 3BY.



INVESTMENT OBJECTIVE

The Company seeks to generate consistent Shareholder returns predominantly in the form of income distributions, principally by making senior secured loans to energy companies.

The Company lends to companies working to drive change and deliver solutions across the energy sector, spanning renewable as well as conventional sources, with a primary focus on infrastructure assets. The Company's aim is to build a portfolio that generates an attractive and consistent risk-adjusted return for investors, as well as drive positive action with regard to climate change by structuring loans as Green Loans or Sustainability-Linked Loans.



KEY FINANCIALS

NAV

as at 31 December 2022

\$98.48m

(as at 31 December 2021: \$93.30m)

MARKET CAPITALISATION

as at 31 December 2022

\$83.54m

(as at 31 December 2021: \$79.64m)

TOTAL COMPREHENSIVE INCOME

for year ended 31 December 2022

\$12.85m

(as at 31 December 2021: \$4.45m)

NAV PER SHARE

as at 31 December 2022

\$1.08

(as at 31 December 2021: \$1.02)

SHARE PRICE

at 31 December 2022

\$0.92

(at 31 December 2021: \$0.87)

EPS

for the year ended 31 December 2022

14.08 cents

(at 31 December 2021: \$4.86 cents)

DISTRIBUTION PER SHARE

with respect to the year ended 31 December 2022

9.00 cents

(with respect to the year ended 31 December 2021: 7.00 cents)

HIGHLIGHTS

NAV PER SHARE

as at 31 December 2022

\$1.08

(as at 31 December 2021: \$1.02)

EARNINGS PER SHARE

for the year ended 31 December 2022

14.08 cents

(for the year ended 31 December 2021:
4.86 cents)

INVESTMENTS

in the year ended 31 December 2022

6

6 investments and 6 full
realisations executed

ORDINARY SHARES REPURCHASED

during the year

740,146

as part of the Company's share
buy-back programme.



REUBEN JEFFERY, III
Chairman

CHAIRMAN'S STATEMENT

OVERVIEW

On behalf of the Board, I would like to thank our shareholders for their continued support.

We are pleased with the financial performance of the Company and the beneficial impact its loans are having on the journey towards greater environmental sustainability for the global infrastructure industry. During the second half of 2022, the Company continued its momentum from the first half of the year, making targeted investments and posting strong earnings for the period. The Company has delivered NAV total returns of 33.7% to investors since inception in May 2019 and 22.57 cents of income. For 2022, our NAV total return was 14.5%, vs the AIC Debt – Direct Lending peer group average of 8.2%.

With the strong backdrop of the energy markets, and the Company's unique focus on short duration lending, the re-balancing of the portfolio to energy-transition focused investments is now complete. As of December 31, 2022, all of the loans in the portfolio and over 95% of the NAV were either Green Loans or Sustainability-Linked Loans, with the only outliers being small equity positions or take-back instruments received from previous loans. What this means in practicality, is that all loans in the Company's portfolio should advance some form of decarbonisation or enhance sustainability across the broader energy complex. A great example of this is the Company's loan to Streamline Innovations in November 2021, subsequently upsized in May 2022. Streamline has over 40 treating plants in service or fabrication with the capacity to eliminate the flaring of over 100 million pounds of toxic sulphur dioxide per year and eliminate the need for over 50 million gallons of hazardous waste per year.

A key focus of the Company over the past year has been to put more of its capital to work to optimise investor returns. The Investment Manager's strategy of making senior-secured asset-based loans has certainly paid off in terms of generating strong results for shareholders – but it has also left the Company underinvested at times, just as interest rates began to rise. A sincere effort was made to alleviate this issue, while remaining faithful to the Company's strategy, as well as preserving the diversity and quality of the portfolio. As an example, secondary purchases of the Hoover Circular Solutions loan and Seawolf Water Resources loan (which included preferred and common equity) helped deploy capital into attractive investments very well known to the Investment Manager and consistent with the Company's overall strategy. Furthermore, in December the Company's SPVs entered into a \$15 million Revolving Credit Facility ("RCF") which will allow the Company and its SPVs the potential to be over 100% invested while still retaining the necessary liquidity to meet ongoing expenses and future obligations like delay-draw loan commitments. These investments, combined with rising underlying rates, should serve to increase earnings capacity for the overall portfolio and lead to higher distribution.

Going forward, the Company will remain focused on continuing to execute its strategy, taking advantage of the wide range of investment opportunities it sees, buoyed by a very strong energy market back-drop and attractive interest rate environment. We will continue to seek to improve investor awareness of the Company's strategy and track record, with the hope of attracting new investors. We are keenly aware of the persistent discount to NAV that the Company's shares trade at and are committed to doing everything in its power to close that gap. In June 2022 the Company announced that it was initiating the share buyback programme for the purpose of allowing the Company to return some of its uncommitted capital to shareholders and in recognition of the Company's current discounted NAV.

We look forward to a very promising 2023 and thank you again for your support.

KEY DEVELOPMENTS

RCOI's NAV has remained robust during the period under review, with a current NAV per share of \$1.08 (31 December 2021: \$1.02).

In the second half of 2022, there were three new sustainable investments: Seawolf Water Resources, Clean Energy Fuels Corp., and Max Midstream, totalling \$27.9m and two refinancing of existing investments made by RCOI: Epic Propane and Hoover Circular Solutions, totalling \$27.6m.

1. RCOI committed \$9.0m to Seawolf Water Resources, an existing investment in the Riverstone Credit Portfolio that has been amended as a Sustainability-Linked Loan. Seawolf is a water infrastructure services company with operations primarily in Loving County, Texas, and southern New Mexico;
2. RCOI committed \$13.9m to Epic Propane, an investment that was restructured as a Sustainability-Linked Loan, provides propane purity offtake transportation to the Gulf Coast export market;
3. RCOI committed \$13.7m to Hoover Circular Solutions to refinance and upsize the Company's investment in a leading provider of sustainable packaging and fleet management solutions, structured as a Sustainability-Linked Loan;
4. RCOI committed \$13.9m to Clean Energy, structured as a Sustainability-Linked Loan, a NASDAQ listed public company engaged in the development of negative carbon intensity RNG projects and construction of new RNG fuelling stations for the North American transportation sector; and
5. RCOI committed \$5.0m to Max Midstream, who are developing a carbon-neutral crude oil export terminal on the Gulf Coast of Texas, structured as a Sustainability-Linked Loan.

In addition, the loan to Harland & Wolff, a London-listed infrastructure operator engaged in the development and operation of strategic maritime assets across the United Kingdom, was successfully upsized bringing the total amount committed by RCOI to \$14.8m.

There were also four full realisations in the second half of 2022, totalling \$44.5m, that delivered consistently strong returns for the Company ranging from 14.3 per cent to 16.6 per cent gross IRR and 7.8 per cent to 11.3 per cent net IRR.

6. FS Crude was fully realised in September 2022 with a 14.8 per cent gross IRR and a 12.0 per cent net IRR and 1.23x gross MOIC and 1.18x net MOIC respectively;
7. Epic Propane was fully realised as part of refinancing in September 2022 with a 14.3 per cent gross IRR and a 12.3 per cent net IRR and 1.32x gross MOIC and 1.27x net MOIC respectively;
8. Circulus Holdings was fully realised in October 2022 resulting in a 16.6 per cent gross IRR and a 10.8 per cent net IRR and a 1.14x gross MOIC and a 1.09x net MOIC respectively;
9. Hoover Circular Solutions was fully realised as part of a refinancing in November 2022 resulting in a 15.0 per cent gross IRR and a 7.8 per cent net IRR and a 1.10x gross MOIC and a 1.05x net MOIC respectively.

We continue to actively evaluate a highly attractive pipeline of investment opportunities, focused on energy infrastructure, infrastructure services and energy transition opportunities.

PERFORMANCE

The Company reported a profit of \$12.8 million for the year ending 31 December 2022, resulting from income received from the investment portfolio and changes in the portfolio's valuations. The Net Asset Value ("NAV") of the Company remained solid and ended the period at \$1.08 per share. The Company is paying distributions of 9.0 cents in respect of 2022, comfortably achieving our stated distributions target. The Company has now delivered NAV total returns of 33.7% to investors since inception in May 2019 (14.5% annual return) and 22.57 cents of income.

The current unrealised portfolio remains profitable at an average 1.12x Gross MOIC and 1.07x Net MOIC. Characteristics of RCOI's investment strategy, particularly the focus on a conservative LTV, diversified sub-sectors and end-user base, as well as structured incentives for early repayment, have helped mitigate negative portfolio impact from the broader market fluctuations.

RCOI has executed 24 direct investments and participated in two secondary investments since inception and cumulatively invested \$247 million of capital since the IPO in May 2019. Total realised investments, now comprising 16, have delivered for the trust an average gross IRR of 17.1 per cent and net IRR of 13.0 per cent. To date, our capital has facilitated corporate transitions, leading to earlier than expected refinancings on a number of transactions. This has left the trust modestly underinvested, despite a continually strong pipeline and favourable macro environment for our strategy. However, the combination of a strengthening ongoing pipeline of new transactions and the new RCF held by the Company's SPVs should both help to moderate the impact of this going forward.

The Board is pleased with our diversified and dynamic portfolio of investments and the pipeline of new opportunities. Our focus on decarbonising energy infrastructure and infrastructure services will continue into the future, with the current portfolio already making a positive impact. We are finding that businesses at the forefront of energy transition find our first lien, short-duration, floating rate product highly attractive and a good fit for their development plans.

As always, the Board and the manager remain vigilantly focused on optimising the portfolio to ensure long-term value creation for our shareholders.

We look forward to a promising 2023 and thank you again for your support.



REUBEN JEFFERY, III
Chairman
15 February 2022

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2022. Details of the Directors who held office during the year and as at the date of this report are given on pages 26 to 27.

INVESTMENT OBJECTIVE

The Company seeks to generate consistent Shareholder returns predominantly in the form of income distributions, principally by making senior secured loans to energy companies.

The Company lends to companies working to drive change and deliver solutions across the energy sector, spanning renewable as well as conventional sources, with a primary focus on infrastructure assets. The Company's aim is to build a portfolio that generates an attractive and consistent risk-adjusted return for investors, as well as drive positive action with regard to climate change by structuring loans as Green Loans or Sustainability-Linked Loans.

INVESTMENT POLICY

The Company seeks to achieve its investment objective through investing primarily in a diversified portfolio of direct loans to companies that build and operate the infrastructure used to generate, transport, store and distribute both renewable and conventional sources of energy, and companies that provide services to that infrastructure. We also lend to companies seeking to facilitate the energy transition by decarbonising the energy, industrial and agricultural sectors, building sustainable infrastructure and reducing or sequestering carbon emissions. We seek to ensure that our investments are having a positive impact on climate change by structuring each deal as either a Green Loan or a Sustainability-Linked Loan, documented using industry best practices.

GROSS COMMITTED CAPITAL
31 December 2022

102%

(as at 31 December 2021: 79%)

NAV PER SHARE
as at 31 December 2022

\$1.08

(as at 31 December 2021: \$1.02)

DIVIDEND PER SHARE
with respect to the year ended 31 December 2022

9.00 cents

(with respect to the year ended 31 December 2021: 7.00 cents)



INVESTMENT STRATEGY

The Investment Manager seeks to leverage the wider Riverstone platform to enhance its investment strategy through the synergies gained from being part of one of the largest dedicated energy focused private equity firms.

The key elements of the Investment Manager's investment strategy in relation to the Company and its SPVs are summarised below.

CORE STRATEGY

Direct lending

The Investment Manager will be primarily focused on originating opportunities from small to middle-sized energy companies in what the Riverstone team call the 'Wedge'; companies too small for the capital markets and without the conforming credit metrics that allow access to the commercial bank market.

All investments directly originated by the Company's SPVs are expected to involve providing primary capital to the Borrower, after having completed a thorough and comprehensive due diligence process. In each case the Riverstone team will be able to influence terms and conditions. In many cases, direct investments are expected to be held solely by the Company's SPVs, in some cases alongside Other Riverstone Funds. In others, the Company's SPVs (and Other Riverstone Funds) may be a member of a syndicate arranged by a third party.

The Investment Manager expects that lending investments made directly by the Company's SPVs will have a contractual duration of three to five years from inception and an expected duration of one to two years. The maximum term of any investment made by the Investment Manager will be seven years.

COMPLEMENTARY STRATEGIES

Capital relief and market-based opportunities

The Investment Manager may be presented with opportunities to acquire from banks' so-called 'non-conforming' loans which can no longer be held on bank balance sheets. The Investment Manager expects that such 'capital relief' and market-based transactions will be secondary in nature, will usually be based on public due diligence information and will typically not allow the Company to influence the underlying terms of the relevant investment. The Investment Manager expects that, in capital relief and market-based transactions, the Company may participate as part of a broader syndicate of third-party lenders. The Investment Manager expects these transactions made by the Company's SPVs to have a duration of one to three years from inception and an expected duration of less than 12 months.

STRATEGIC REPORT CONTINUED

INVESTMENT RESTRICTIONS

The Company observes the following investment restrictions:

- no more than 15 percent of the Company's gross assets will be exposed to any single Borrower, its parents, subsidiaries and/or sister subsidiary entities
- at least 85 percent of the Company's gross assets will be invested directly or indirectly in aggregate, in cash and loans which are secured as to repayment of principal and payment of interest by a first or second priority charge over some or all of such entity's assets and cash
- the Company will only invest in an underlying Borrower group, when that Borrower group has a total indebtedness (including the Company's investment) of less than 60 percent of the Borrower group's asset base
- the Company will not invest in any undertaking in which Riverstone Holdings LLC (or any of its subsidiary undertakings) has an equity interest, other than an undertaking in which the Company and one or more Other Riverstone Funds hold, or will as a result of the relevant investment hold, related equity interests acquired at substantially the same time as part of the same transaction or a series of linked transactions; and
- the maximum term of any investment made by the Company will be seven years

Each of these investment restrictions will be calculated and applied as at the time of investment.

DISTRIBUTION POLICY

Subject to market conditions, applicable law and the Company's performance, financial position and financial outlook, it is the Directors' intention to declare distributions to Shareholders on a quarterly basis following publication of the NAV per Ordinary Share calculated as of the final day of the relevant quarter.

The Company intends to declare distributions with respect to 100 percent of its net income (as calculated for UK tax purposes). The Board determines the percentage of net income to distribute, ensuring that it would be in the longer-term interests of the Company to do so (for instance, in the event of any permanent loss of capital by the Company). In any calendar year the Company may retain an amount equal to up to 15 percent of its net income (as calculated for UK tax purposes), in accordance with Section 1158 of the Corporation Tax Act 2010.

The declaration of any distribution will be subject to payment of the Company's expenses and any legal or regulatory restrictions at the relevant time. The Company may elect to designate as an 'interest distribution' all or part of any amount it distributes to Shareholders as distributions.

As disclosed in note 14 to the financial statements, on 15 February 2023 the Board approved a distribution of 2.00 cents per share with a 1.00 cent per share special distribution in respect to the quarter ended 31 December 2022, bringing the total distribution declared with respect to the year to 31 December 2022 to 9.00 cents per share. The record date for the distribution is 24 February 2023 and the payment date is 24 March 2023.

STRUCTURE

The Company makes its investments through its SPVs. Riverstone International Credit Corp. ('USCo') is a corporation established in the State of Delaware and is a wholly-owned subsidiary of the Company. USCo, in turn, invests through Riverstone International Credit – Direct L.P., a limited partnership established in the State of Delaware in which USCo is the sole limited partner. Investments may also be made through Riverstone International Credit L.P., a limited partnership established in the State of Delaware in which the Company is the sole limited partner. The general partner of each of the limited partnerships is a member of Riverstone's group.

The Company has contributed or lent substantially all of its Net Issue Proceeds (net of short-term working capital requirements) to its SPVs which, in turn, make investments in accordance with the Company's investment policy. The Investment Manager draws on the resources and expertise of the wider Riverstone group.

DISCOUNT CONTROL

It is the intention of the Board for the Company to buy back its own shares if the share price is trading at a material discount to NAV, providing that it is in the interests of Shareholders to do so. Shares which are bought back may be cancelled or held in treasury.

During the year, the Company repurchased and cancelled 740,146 of its own shares as part of the discount management measures outlined above. Further details of these repurchases are given on page 19.



REVIEW OF BUSINESS AND FUTURE OUTLOOK

Details of the underlying portfolio and a review of the business in the year, together with future outlook are covered in the Investment Manager's Report on pages 20 to 25.

KEY PERFORMANCE INDICATORS

The Board believes that the key metrics detailed on page 3, will provide Shareholders with sufficient information to assess how effectively the Company is meeting its objectives.

ONGOING CHARGES

Ongoing charges are an alternative performance measure and the ongoing charges ratio of the Company is 3.24 percent, calculated as total expenses divided by the weighted average NAV for the year to 31 December 2022. The weighted average NAV used in this calculation is the mean of the published quarterly NAVs for the year, at 31 December 2022 this was \$96.5m (2021: \$94.2m). Ongoing charges are made up as follows and have been calculated using the AIC recommended methodology.

	31 DECEMBER 2022		31 DECEMBER 2021	
	\$'000	%	\$'000	%
Profit Share	1,679	1.74	668	0.71
Directors' fees and expenses	180	0.19	179	0.19
Ongoing expenses	1,269	1.31	991	1.05
Total	3,128	3.24	1,838	1.95

The Investment Manager is entitled to a Profit Share when it meets relevant performance targets as disclosed in note 12 to the financial statements.

STRATEGIC REPORT CONTINUED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company utilises the services of Riverstone as the Investment Manager to take appropriate Environmental, Social and Governance ('ESG') principles into account in its investment decisions and in the ongoing management of the portfolio. In order to ensure the robustness of these policies, the Board engages with the Investment Manager on ESG matters and monitors compliance of the Company's Borrowers with this policy. The Board takes its fiduciary responsibility to Shareholders seriously and engages with Riverstone on corporate governance matters.

Riverstone published its annual ESG report in February 2023. The pages that follow summarise the key elements for investors which impact RCOI current and future investments. More detail is included in the full report, which is available on Riverstone's website: <https://www.riverstonellc.com/en/responsible-investing/>.

STATEMENT FROM THE INVESTMENT MANAGER

Our primary obligation is to be exceptional stewards of our investors' capital. In today's world, this translates not only into delivering strong risk-adjusted returns but also doing so in a manner which formally adopts and integrates a proportionate and measured environmental, social and governance (ESG) value system for the benefit of a diverse group of stakeholders.

This is all at a time of increasing economic uncertainty, emerging regulatory complexity and political scrutiny that will undoubtedly shape how ESG evolves over the coming years. As we issue this, our fourth annual ESG report, we continue to recognise the correlation between those businesses that make ESG a core pillar of their strategies and day-to-day operations and those that are successful in what they do. At Riverstone, we continue to be committed to deploying capital in a sustainable, ethical and socially responsible way.

As a firm, we will continue to invest in climate solutions and data analytics to decrease the carbon intensity of our portfolio companies. By reducing our emissions and being able to track such reductions, we will be able to quantify and report to you on our contribution to mitigating climate change.

As a firm, we are working to identify and assess physical and transition climate risks across our portfolios.

Program enhancements

In addition to the work we are doing around emissions and climate change, there are a number of other noteworthy developments to our ESG program. While the following pages go into these in more detail, highlights from the past year include:

- Further enhancements to climate related disclosures with a goal for future alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)
- Our continued participation in, and submission of data to, the ESG Data Convergence Initiative, led by the Institutional Limited Partners Association (ILPA)
- Our ongoing ESG training/capacity building program at Riverstone
- Our partnership with Howard University

Looking forward

We are encouraged by the improvements we have made to our ESG program in 2022. However, against the backdrop of the heightened focus on ESG and, in particular, on climate change issues, we recognise there is much more work required, in partnership with you, our investors, our management teams, regulators and other important stakeholders. We will continue to prioritise our commitment to being responsible investors and look forward to providing further updates on our ESG activities in the year to come.



ESG: 2022 IN REVIEW

In our 2021 ESG report, we established a number of overarching ESG objectives for 2022 and 2023. Our progress through 2022 against these objectives, and other ESG issues addressed during the year, are summarised below and presented in more detail throughout this report.

Climate change

- Completed actions to further develop Riverstone's ESG reporting, resulting in partial alignment with the recommendations of the TCFD
- Engaged Persefoni to collaborate with our Borrowers in developing high-quality GHG inventories to track their emissions, yielding disclosure of our financed emissions for the first time, including Scope 1 and 2 emissions generated by our portfolio companies
- Performed climate risk assessments to identify physical and transition risks for the majority of the portfolio, which included evaluation of the latest climate projections and current regulatory trends to deepen our engagement with Borrowers
- The Company is not required to comply with the full TCFD disclosure requirements as it is an investment trust and exempt under LR9.8.6R(8)

ESG Integration

- Modified our ESG toolkit and Investment Committee memo template to reflect investment criteria associated with the EU Sustainable Finance Disclosure Regulation
- Enhanced scoring calibration and criteria across all ESG MEs through our annual ESG questionnaire process
- Developed an ESG onboarding pack for new Borrowers to share information with them about our ESG program, portfolio engagement, and best practices
- Continued to establish additional Green and Sustainability-Linked Loans through Riverstone Credit Partners (RCP)

Sustainability focus

- Strengthened our partnership with Howard University by providing summer internships, participating in their career fair and leading on-campus seminars
- Built ESG capacity at all levels in Riverstone through our ESG toolkit and training on unconscious bias
- Participated in the ESG Data Convergence Initiative to contribute comparable data that will enable private equity firms to better assess their ESG progress and practices

STRATEGIC REPORT CONTINUED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTINUED

CREDIT PORTFOLIO: ESG REVIEW

ESG standards remain critical for our credit business as we provide support and resources to our Borrowers and management teams in managing their ESG risks and mitigating their contributions to climate change. To date, Riverstone Credit Partners ("RCP") has committed approximately \$880 million towards investments across decarbonisation and the transition to a low carbon economy.

Although we have limited ability to influence our portfolio companies as credit investors compared to our equity portfolio, we endeavour to increase transparency and alignment through board observer seats, ESG questionnaires and scorecards, affirmative covenants and loan economics tied to sustainability metrics. In addition, since RCP's loans are structured as Green Loans or Sustainability-Linked Loans, we believe that every investment is advancing decarbonising and energy transition infrastructure.

We have integrated ESG considerations across all of our credit investments as we believe ESG is critical to assessing risk. Each new borrower fills out an ESG questionnaire prior to closing to evaluate ESG metrics. During the diligence process, we typically conduct background checks for key members and take board observer seats wherever applicable. We also structure our investments as first lien Green or Sustainability-Linked Loans, which are incorporated into our portfolio risk grid. These tools provide structure around our diligence processes for strong risk-adjusted returns while continuing to support a low carbon future.

Once invested, RCP actively monitors ESG metrics through annual questionnaires and scorecards, similar to our equity investments. We have also identified an ESG deal lead among the credit team for each investment.

Going forward, we are working with third-party partners to develop an ESG onboarding deck to help our Borrowers achieve the ESG-MEs over time. These external partners also help with ESG monitoring and assessment throughout the life of the loan as well as progressing our diversity and inclusion initiatives.

Green Loans and Sustainability-Linked Loans

By structuring each new loan as either a Green Loan or a Sustainability-Linked Loan, we strive to enhance the decarbonisation impact of our credit portfolio. We initially assess whether each new opportunity meets the Green Loan Principles (GLP), including:

- Use of proceeds
- Process for project evaluation and selection
- Management of proceeds
- Reporting







To the extent the opportunity does not qualify as a Green Loan, Riverstone will seek to evaluate the sustainability goals of the company and structure the loan in accordance with the Sustainability-Linked Loan Principles (SLLP). The following are critical aspects of the SLLP:

- The Sustainability Performance Targets (SPTs) are set by the company and not the lender
- The sustainability goals are measurable and auditable
- Negative economic consequences are imbedded in the loan documentation for failing to meet the goals by a specified timeline.

RIVERSTONE CREDIT PARTNERS: RECENT GREEN AND SUSTAINABILITY-LINKED LOAN TRANSACTIONS






We are committed to directing RCP dollars to facilitate decarbonisation and net-zero initiatives across the global energy industry. RCP has committed more than \$825 million in Green¹ and Sustainability-Linked Loans.

The below highlights recent fully or partially realised transactions.

	Overview		Facility Size	Closing	Yield to Maturity	Status
	Community Solar Developer	57 MW Solar capacity in development at closing	\$20 million	Dec. 2020	13%	Realised
	Lithium-Ion Battery Manufacturer	10x Lithium-ion battery forecasted growth between 2020 and 2030	\$63 million	Apr. 2021	23% (+warrants)	Realised
	Plastics Recycling	#1 Riverstone's first Loan Syndications and Trading Association (LSTA) documented "Green Loan"	\$100 million	Aug. 2021	14%	Realised
	Propane Pipeline	25% Expected decrease in reportable releases from pipeline	\$77 million	Sep. 2022	12%	Epic I: Realised Epic II: Unrealised
	Water Solutions Provider	50% Electrification target metric based on water pump usage	\$126 million	Sept. 2018; Secondary Purchase in Sep. 2022	Restructured as 1L loan, preferred, and equity	Partially Realised
	Sustainable and Reusable Packaging Solutions	3 SLL Performance Indicators % non-fossil fuel energy; reduced waste & % shipped sustainable packaging	\$160 million	Dec. 2022	In line with initial term loan	Hoover I: Realised Hoover II: Unrealised

1. Green Loan Principles (GLP) have been developed by an experienced working party, consisting of representatives from leading financial institutions active in the global syndicated loan markets, with a view to promoting the development and integrity of the Green Loan product. The GLP comprise voluntary recommended guidelines, to be applied by market participants on a deal-by-deal basis depending on the underlying characteristics of the transaction, which seek to promote integrity in the development of the Green Loan market by clarifying the instances in which a loan may be categorised as "green".

The below represents recent realised and unrealised Green¹ and Sustainability-Linked² transactions.

	Overview		Facility Size	Closing	Yield to Maturity	Status
	H₂S Treating Equipment	>33 million pounds Sulphur dioxide avoided in 2022	\$45 million	Nov. 2021 Upsized May 2022	11%	Unrealised
	Offshore Wind Fabrication	50+ Company-wide apprenticeships required	\$73 million	Mar. 2022 Upsized Aug. 2022 Upsized Oct. 2022 Upsized Dec. 2022	19% (+warrants)	Unrealised
	Water Infrastructure	750 trucks per day Eliminated by the TR UE Blue Saltwater Disposal	\$57 million	Jun. 2021 Upsized Jun. 2022	12%	Unrealised
	Renewable Natural Gas ("RNG")	100% RNG delivered to on-road vehicle customers by 2025	\$150 million	Dec. 2022	12%	Unrealised
	Energy Infrastructure Pipeline	1st Carbon-neutral crude oil export terminal on the Gulf Coast of Texas	\$28 million	Dec. 2022	Undisclosed	Unrealised

1. Green Loan Principles (GLP) have been developed by an experienced working party, consisting of representatives from leading financial institutions active in the global syndicated loan markets, with a view to promoting the development and integrity of the Green Loan product. The GLP comprise voluntary recommended guidelines, to be applied by market participants on a deal-by-deal basis depending on the underlying characteristics of the transaction, which seek to promote integrity in the development of the Green Loan market by clarifying the instances in which a loan may be categorised as "green".
2. Sustainability-Linked Loans follow a set of Sustainability-Linked Loan Principles (SLLP) which were originally published in 2019 and provide a framework to Sustainability-Linked Loan structures. In order to promote the development of this product, and underpin its integrity, the APLMA, LMA and LSTA considered it appropriate to produce Guidance on the SLLP, to provide market practitioners with clarity on their application and approach.

STRATEGIC REPORT CONTINUED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTINUED

ESG IN ACTION

ESG in Practice within Riverstone's Portfolio:
Streamline Case Study

Streamline Innovations (Streamline) offers environmentally forward hydrogen sulphide (H_2S) treating solutions to help heavy industry around the world achieve environmental performance objectives, improve sustainability and transition to a low carbon economy.

A leader in green solutions for treating H_2S and other toxic emissions, Streamline's patented, biodegradable chemistry and processes converts toxic H_2S in mass into elemental sulphur, which can be cleanly disposed of or used in agriculture. Many alternative treatment solutions result in hazardous or toxic byproducts that require special handling. In addition, Streamline's chemistry is regenerative, so it can be reused hundreds of times versus toxic alternatives, reducing its footprint and the consumption of raw materials relative to other alternatives.

H_2S is a key issue that is present in many industrial processes throughout the world. H_2S is a leading cause of human inhalation accidents, corrosion and SO_2 emissions, which are a primary cause of acid rain. Streamline's process can be applied across industries, including energy, biogas, landfill gas and renewable fuels, municipal wastewater and industrial air and water. Within energy, H_2S is present in roughly 40% of natural gas volumes and 100% of biogas volumes. Within municipal wastewater, H_2S treating is required in 25% of the world's water treatment plants.

In November 2021, Riverstone funds provided a \$20 million term loan to Streamline. In May 2022, Riverstone funds increased the commitment to a \$45 million term loan. The term loan is structured in compliance with the LSTA Green Loan Principles which aim to facilitate and support environmentally sustainable economic activity by financing eligible projects. Sustainable Fitch, a division of Fitch Group focused on ESG, provided a second-party opinion confirming the term loan as a Green Loan aligned with the four pillars of the LSTA Green Loan Principles and the LSTA category of pollution and prevention. The use of proceeds for the term loan is to expand Streamline's H_2S treating fleet across multiple industries and geographies.

GRANTED PATENTS
with 19 in progress

25

H_2S TREATING PLANT
in service or fabrication

40+

ELIMINATES THE NEED FOR OVER
50 MILLION GALLONS OF
HAZARDOUS CHEMISTRY PER YEAR

CAPACITY TO ELIMINATE THE
FLARING OF OVER 100 MILLION
POUNDS OF TOXIC SO_2 PER YEAR

LOOKING FORWARD

As Riverstone continues to focus on increasing investment exposure to opportunities arising from energy transition and decarbonisation, the Firm remains committed to continue growing our ESG program and embedding it in our culture. In 2023 and beyond, the Firm will look to build on the successes of the past year across five overarching themes.

BOARD DIVERSITY

The RCOI Board strongly believes that having diversity in skills, experience and gender has significant benefits. The Board currently comprises three Independent Directors based on merit-based qualifications, while also having gender balance (two male and one female Board members).

The Company's policy on diversity is further detailed in the Corporate Governance Report on pages 35 to 42.

EMPLOYEES AND OFFICERS OF THE COMPANY

The Company does not have any employees and therefore employee policies are not required. The Directors of the Company are detailed on pages 26 to 27.

Principal, emerging risks and uncertainties

Under the FCA's Disclosure Guidance and Transparency Rules, the Directors are required to identify those material risks to which the Company is exposed and take appropriate steps to mitigate those risks. Risks relating to the Company are disclosed in the Company's prospectus which is available on the Company's website <https://www.riverstonecoi.com>.

The Company's assets consist of investments, through SPVs, within the global energy industry, with a particular focus on opportunities in the global E&P and midstream energy sub-sectors. Its principal risks are therefore related to market conditions in the energy sector in general, but also the particular circumstances of the businesses in which it is invested. The Investment Manager seeks to mitigate these risks through active asset management initiatives and by carrying out due diligence work on potential targets before entering into any investments.

The Board thoroughly considers the process for identifying, evaluating and managing any significant and emerging risks faced by the Company on an ongoing basis and has performed a robust assessment of those risks, which are reported and discussed at Board meetings. The Board ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld. During the year the Audit and Risk Committee has reviewed and made minor updates to the Company's principal risks, which are outlined below.

For each material risk, the likelihood and consequences are identified, management controls and frequency of monitoring are confirmed and results reported and discussed at the quarterly Board meetings.

The key areas of risk faced by the Company and mitigating factors are summarised below:

1. The Ordinary Shares may trade at a discount to NAV per Share for reasons including but not limited to market conditions, liquidity concerns and actual or expected Company performance. As such, there can be no guarantee that attempts to mitigate such discount will be successful or that the use of discount control mechanisms will be possible, advisable or adopted by the Company. To mitigate this risk, the Investment Manager closely monitors and identifies the reasons for significant fluctuations, and considers the Company's share repurchase program when applicable and in the interests of Shareholders.
2. The ability of the Company to meet the target distribution will depend on the Investment Manager's ability to find investments that generate sufficient and consistent yield to support the Target Distribution. The Investment Manager will identify and manage suitable investments in accordance with the Investment Policy, market conditions and the economic environment. To mitigate this risk, the Company's Investment Policy and investment restrictions enable the Company to build a diversified energy portfolio that should deliver returns that are in line with the Target Distribution range.
3. The ability of the Company to achieve its investment objectives is dependent on the Investment Manager sourcing and making appropriate investments for the Company. Investment returns will depend upon the Investment Manager's ability to source and make successful investments on behalf of the Company. To mitigate this risk, the Investment Manager believes sourcing investments is one of its competitive advantages. The Investment Manager is well resourced and has access to the wider skills and expertise at Riverstone whose personnel have years of experience in the global energy sector.

STRATEGIC REPORT CONTINUED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTINUED

4. Environmental exposures and existing and proposed environmental legislation and regulation may adversely affect the operations of Borrowers. Delay or failure to satisfy any regulatory conditions or other applicable requirements could prevent the Company from acquiring certain investments or could hinder the operations of certain Borrowers. To mitigate this risk, the Investment Manager implements monitoring and quality control procedures to mitigate the occurrence of any violation of safety/health and environmental laws. The Investment Manager has a clear ESG policy which is implemented and reviewed by the Board.
5. The Company's investment objective requires it to invest in loans that are likely to be both illiquid and scarce. If there is an adverse change in the underlying credit, then the ability of RCOI to recover value may be impaired. To mitigate this risk, the Company primarily originates shorter duration senior secured loans with protective provisions. In some instances the loans incentivise early repayment.
6. The valuations used to calculate the NAV on a quarterly basis will be based on the Investment Manager's unaudited estimated fair market values of the Company's investments and may be based on estimates which could be inaccurate. To mitigate this risk, the Investment Manager has an extensive valuation policy and also has engaged the independent valuation services of Houlihan Lokey on a quarterly basis.
7. In today's global technological environment, the Company, its investments and its engaged service providers are subject to risks associated with cyber security. The effective operation of the Investment Manager and the businesses of Borrowers are likely to be highly dependent on the availability and operation of complex information and technological systems. To mitigate this risk, the Audit and Risk Committee Chairman monitors cyber security risk and best practices and cyber security due diligence is performed on each potential borrower.
8. The Company may be exposed to fluctuations and volatility in commodity prices through investments it makes, and adverse changes in global supply and demand and prices for such commodities may adversely affect the business, results of operations, and financial condition of the Company. To mitigate this risk, the Investment Manager intends to create a diversified portfolio across various energy subsectors, commodity exposures, technologies and end-markets to provide natural synergies that aim to enhance the overall stability of the portfolio.
9. The Company will only lend to Borrowers in the global energy sector and such single industry concentration could affect the Company's ability to generate returns. Adverse market conditions in the energy sector may delay or prevent the Company from making appropriate investments. The ongoing coronavirus pandemic has led to a decline in global commerce and travel, thereby causing reductions in the near-term demand for energy especially within oil and gas, and long-term impacts remain unknown for the Company's Borrowers. To mitigate this risk, the Investment Manager intends to create a diversified portfolio across various energy subsectors, commodity exposures, technologies and end-markets to provide natural synergies that aim to enhance the overall stability of the portfolio.
10. The performance of the Company may be affected by changes to interest rates and credit spreads. To mitigate this risk, the Investment Manager assesses credit risk and interest rate risk on an ongoing basis and closely monitors each investment with the assistance of each respective management team and the engaged service providers.
11. The Company's relies on a third-party provider for the key operational tasks of the Company. The failure of any service provider to carry out their duty may have a detrimental effect on the operation of the Company. To mitigate these risks the Board will review the internal control reports, and consider business continuity arrangements of the Company.

GOING CONCERN

The Company's cash balance at 31 December 2022 was \$1.0 million, plus cash balances held at the SPVs of \$6.7 million. The Company currently has existing liabilities of \$1.9 million, plus a distribution payable of \$2.7 million with respect to the quarter ended 31 December 2022 and any foreseeable expenses in the period from 15 February 2023 to 30 June 2024, being the period of assessment covered by the Directors.

During the year, the SPVs entered into a Revolving Credit Facility ("facility") Agreement for \$15.0 million with BC Partners. The SPV borrowings from the facility at 31 December 2022 were \$5 million, leaving the remaining \$10 million undrawn commitment for future borrowings. Riverstone Credit Opportunities Income PLC is the guarantor for the Revolving Credit Facility. The SPVs are required to maintain a LTV Ratio above the Covenant LTV of 22% at each borrowing request date. The LTV Ratio is calculated as the total outstanding principal and accrued interest on the facility divided by the Aggregate NAV. At 31 December 2022, the SPVs were compliant with the Covenant LTV and the full amount of the undrawn commitment is available. The SPVs also entered into a money market capital fund with JP Morgan, earning about 5% interest annually. The balance at 31 December 2022 was \$0.3 million. Additionally, the operating expenses of the trust are budgeted to be between \$2.0 million and \$2.5 million during the period of assessment including taxes and interest expense from the SPV facility. Based on the high end of this range, it would take the Company approximately four years to run out of cash.

The cash balance of the Company and its SPVs are comprised of cash and money market fixed deposits and the risk of default on the counterparties cash and deposits is considered extremely low. Due to this the Directors believe there is no material going concern risk. The major cash outflows of the Company and its SPVs are expected to be the payment of distributions and expenses, share repurchases and the acquisition of new assets, all of which are discretionary. The Company is closed-ended and there is no ability for investors to withdraw from the Company. The first continuation vote for the Company will be proposed at the AGM of the Company to be held in 2027, on the eighth anniversary of admission.

The COVID-19 pandemic has caused severe disruptions in the global economies and capital markets. The pandemic may also continue to materially and adversely impact the performance of the global economy, the Company's operations, and investments in the future. The conflict between Ukraine and Russia has also had, and is expected to continue for some time to have, substantial additional impacts on the global economy, particularly in respect to inflation rates. Given the ongoing nature of both the COVID-19 pandemic and the conflict between Ukraine and Russia, it is currently not possible to determine the potential scale and scope of the ultimate effects on the global economy, capital markets, and the Company's operations and investments. As the situation around both continues to evolve, this will remain as an additional risk to the Company.

The Directors and Investment Manager are actively monitoring these and the potential effect on the Company and its underlying investments. In particular, they have considered the following specific key potential impacts:

- unavailability of key personnel at the Investment Manager, the Administrator or key service providers of the SPVs;
- increased volatility in the fair value of investments;
- disruptions to business activities of the underlying investments; and
- recoverability of income and principal and allowance for expected credit losses.

In considering the above key potential impacts of COVID-19 and the conflict between Ukraine and Russia on the Company and its underlying investments, the Investment Manager has assessed these with reference to the mitigation measures in place. At the Company level, the key personnel at the Investment Manager and Administrator have successfully implemented business continuity plans to ensure business disruption is minimised, including remote working, and all staff are continuing to assume their day-to-day responsibilities. At the underlying investment level, there are various risk mitigation plans in place, including the use of social distancing and personal protective equipment, to ensure business activities are maintained as far as possible.

As further detailed in note 4 to the financial statements, the Investment Manager uses a third-party valuation provider to perform a full independent valuation of the underlying investments. The Investment Manager has also assessed the recoverability of income due from the underlying investee companies and has no material concerns. Additionally, the Investment Manager and Directors have considered the cash flow forecast and a reverse stress test to determine the term over which the Company can remain viable given its current resources.

Based on the assessment outlined above, including the various risk mitigation measures in place, the Directors do not consider that the effects of COVID-19 and the conflict between Ukraine and Russia to have created a material uncertainty over the assessment of the Company as a going concern.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 16 months to 30 June 2024, being the period of assessment covered by the Directors. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

STRATEGIC REPORT CONTINUED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT CONTINUED

LONGER TERM VIABILITY

As required by the AIC Code, the Directors have assessed the prospects of the Company over a longer period than required by the going concern provision. The Company's investments have a maximum term of seven years and are expected to have a contractual duration of three to five years from inception. The current weighted average tenor at entry is 3.1 years, therefore the Board chose to conduct a review for a period of three years to 31 December 2024. On a rolling basis, the Directors will evaluate the outcome of the investments and the Company's financial position as a whole. While an unprecedented and long-term decline in the global energy sector could threaten the Company's performance, it would not necessarily threaten its viability.

In support of this statement, the Directors have taken into account all of the principal and emerging risks and their mitigation as identified in the Principal and Emerging Risk and Uncertainties section above, the nature of the Company's business; including the cash reserves and money market deposits at the SPVs, the potential of its portfolio of investments to generate future income and capital proceeds, and the ability of the Directors to minimise the level of cash outflows, if necessary. The most relevant potential impacts of the identified Principal, Emerging Risks and Uncertainties on viability were determined to be:

- the ability of the Company to meet the target distribution will depend on the Investment Manager's ability to identify and manage suitable investments in accordance with the Investment Policy
- the Company will only lend to Borrowers in the global energy sector, and such single industry concentration could affect the Company's ability to generate returns, and adverse market conditions in that sector may delay or prevent the Company from making appropriate investments that generate attractive returns
- the absence of a substantial secondary market and liquidity for the Company's investments means that the Company may be unable to realise value from its investments and investors could lose all or part of their investment

Each quarter, the Board reviews threats to the Company's viability utilising the risk matrix and updates as required due to recent developments and/or changes in the global market. The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks faced by the Company. When required, experts are utilised to gather relevant and necessary information, regarding tax, legal, and other factors.

The Investment Manager's investment strategy focuses primarily on energy infrastructure, infrastructure services and energy transition assets which will play a meaningful role in supporting the traditional, transitioning, and new participants in the energy sector. New investments will be structured as Green Loans or Sustainability-Linked Loans as each borrower seeks to play their part in moving to a world of lower carbon emissions. In support of this statement, the Investment Manager conducts background checks for key management and governance of a new borrower.

The Investment Manager considers the future cash requirements of the Company before funding portfolio companies. Furthermore, the Board receives regular updates from the Investment Manager on the Company's cash position, which allows the Board to maintain its fiduciary responsibility to the Shareholders and, if required, limit funding for existing commitments.

The Board considered the Company's viability over the three-year period, based on a working capital model prepared by the Investment Manager. The working capital model forecasts key cash flow drivers such as capital deployment rate, investment returns, and operating expenses. In connection with the preparation of the working capital model, capital raises, realisations, and, distribution payments and/or share repurchases were assumed to not occur during the three year period, unless already predetermined. In addition, the Board reviews credit market availability and on 7 December 2022, the Company's SPVs closed an RCF that will enable deployment of increased capital to the Company's attractive pipeline of Sustainability-Linked and Green Loan opportunities, thereby increasing the earnings power of the portfolio.

Based on the aforementioned procedures and the existing internal controls of the Company and Investment Manager, the Board has concluded there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment.

In support of this statement, the Directors have taken into account all of the principal risks and their mitigations as identified in the Principal, Emerging Risks and Uncertainties section on pages 15 to 16, the nature of the Company's business; including the cash reserves and money market deposits of the Company and its SPVs, the potential of its portfolio of investments to generate future income and capital proceeds, and the ability of the Directors to minimise the level of cash outflows, if necessary.

DIRECTORS' RESPONSIBILITIES PURSUANT TO SECTION 172 OF THE COMPANIES ACT 2006

The Directors are responsible for acting in a way that they consider, in good faith, is the most likely to promote the success of the Company for the benefit of its members. In doing so, they should have regard for the needs of stakeholders and the wider society. Key decisions are those that are either material to the Company or are significant to any of the Company's key stakeholders. The Board consider the Company's key stakeholders to be: its existing and potential new Shareholders, service providers (Investment Manager, corporate broker, registrar and depository), investee companies and suppliers. It should be noted that the Company has no employees, aside from the Directors.

Engagement with Stakeholders

As further disclosed in the Corporate Governance Report on page 35, the Company reports to Shareholders in a number of formal ways, including its Annual Report, Interim Report and regulatory news releases, all of which are approved by the Board. The AGM, detailed below, is used as a forum for the Board and Investment manager to communicate Company performance and future plans and prospects. It is expected members of the Board will be in attendance and will be available to answer any Shareholder questions. The Company's website was updated during the year and contains comprehensive information for Shareholders and provides regular market commentary. In addition, the Chairman's, Company Administrator's and Investment Manager's contact email addresses are also available for Shareholders to contact, outside of the AGM. The Board invites representatives from the Broker to provide regular analysis of Shareholder movements, industry changes and contact with investors. The Board seeks to engage with the Investment Manager and other service providers in an open manner, encouraging constructive discussion. This approach enhances service levels and strengthens relationships to receive the highest standard of service at a competitive cost, ensuring Shareholders interest are best served.

The below key decisions were made or approved by the Directors during the year, with the overall aim of promoting the success of the Company while considering the impact on its members, stakeholders and the wider society as outlined in the ESG section on pages 10 to 19.

Investment policy

The Company invests in a diversified portfolio of direct and indirect investments in loans, notes, bonds and other debt instruments. The Investment Manager adopts a responsible investing approach which takes into account the Company's ESG principles and strategy, as outlined in detail in the ESG sections within the Strategic Report and Investment Manager's Report. The Board has reviewed and approved the investment policy. The Board and the Investment Manager monitor the concentration of the investment in the SPVs on a quarterly basis to ensure compliance with the investment policy.

The Company completed 6 investments (2021: 6) and 6 realisations (2021: 5) during the year. The Company reports to the Shareholders through regulatory news releases, using the London Stock Exchange's Regulatory News Service and Interim and Annual Reports. Any new investments are announced immediately, and portfolio updates, realisations, valuation updates and distribution announcements are all communicated in a timely fashion through this means.

The Directors held a dedicated strategy meeting and validated the Company's policy and strategic approach to close the discount in share price. This included ensuring alignment with ownership interests, as well as potential interests in the future. The Directors considered in detail the structure, costs and promotion of the Company to the secondary market.

Distributions

The Board has reviewed and approved distributions of 9.00 cents per share with respect to the year (2021: 7.00 cents per share with respect to the year).

Board Committees

The Board's Audit and Risk Committee, Nomination Committee and Management Engagement Committee continue to ensure a good corporate governance framework for the Company. The Chairman of each committee will attend the AGM to answer any questions on their committee's activities.

Share buyback programme

The Board, in consultation with the Investment Manager, regularly monitors the Company's trading discount percentage. On 30 June 2022 the Board announced that a share buy-back programme be reinitiated. The repurchase of shares has allowed the Company to return some of its uncommitted capital to shareholders and reduce the discount to NAV. During the year, the Company repurchased 740,146 (2021: nil) Ordinary Shares as part of this buy-back programme.

ANNUAL GENERAL MEETING

The AGM of the Company will be held at 14.00 BST on 18 May 2023 at the offices of Hogan Lovells International LLP, Atlantic House, Holborn Viaduct, London EC1A 2FG. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the notices of meetings to be distributed to Shareholders in April 2023. As a matter of good practice, all resolutions will be conducted on a poll and the results will be announced to the market as soon as possible after the AGM.

It is expected that members of the Board will be in attendance and will be available to answer Shareholder questions.

On behalf of the Board



REUBEN JEFFERY, III
Chairman 15 February 2023

INVESTMENT MANAGER'S REPORT

ABOUT THE INVESTMENT MANAGER

Appointed in May 2019, the Investment Manager, an affiliate of Riverstone, will seek to generate consistent shareholder returns predominantly in the form of income distributions principally by making Green and Sustainability-Linked, senior secured loans to energy businesses.

Loans are classified as Green Loans when they support environmentally sustainable economic activity and Sustainability-Linked Loans when they contain sustainability performance targets or other equivalent metrics to be monitored. RCOI lends to companies working to drive change and deliver solutions across the energy sector, spanning renewable as well as conventional sources, with a primary focus on infrastructure assets. The Company's aim is to build a portfolio that generates an attractive and consistent risk-adjusted return for investors, as well as drive positive action with regard to climate change by structuring loans as Green Loans or Sustainability-Linked Loans.

The Company will seek to achieve its investment objective predominantly through investing in a diversified portfolio of direct and indirect investments in loans, notes, bonds, and other debt instruments, including convertible debt, issued by Borrowers operating in the energy sector. Riverstone's investment professionals have a unique combination of industry knowledge, financial expertise, and operating capabilities. The Company also benefits from the guidance and input provided by non-Riverstone credit team members of Riverstone's credit investment committee who are involved in the Company's investment process. The Company believes that Riverstone's global network of deep relationships with management teams, investment banks and other intermediaries in the energy sector leads to enhanced sourcing and deal origination opportunities for the Company.



INVESTMENT STRATEGY

The Investment Manager seeks to leverage the wider Riverstone platform to enhance its investment strategy through the opportunities presented and the synergies gained from being part of one of the largest dedicated energy focused private equity firms.

The key elements of the Investment Manager's investment strategy in relation to the Company and its SPVs are summarised below.

INVESTMENT PORTFOLIO SUMMARY

The Investment Manager has reviewed numerous opportunities within the Investment Guidelines since RCOI's admission. As of 31 December 2022, the Company holds ten direct investments across energy infrastructure & infrastructure services and energy transition assets as further discussed below. In addition, RCOI holds the warrants of one investment where the loan was fully realised. Six realisations occurred during the year ended 31 December 2022. The Investment Manager continues to maintain a strong pipeline of investment opportunities and expects to make a number of further commitments across the infrastructure, infrastructure services and energy transition sectors. RCOI, when making a new investment, will receive an allocation of the investment in accordance with the limitations illustrated in the Company's Investment Restrictions. The determination of what percentage they will receive will be pro rata to the available capital for all of the RCP funds that are eligible to participate in the investment.

In the descriptions that follow, yield to maturity is inclusive of all upfront fees, original issue discounts, drawn spreads and prepayment penalties through the stated maturity of the loan. Most loans have incentives to be called early. A portion of the loans have a "payment-in-kind" feature for drawn coupons for a limited time period. Similarly, some of the loans have a "delayed-draw" feature that allows the borrower to call capital over time, but always with a hard deadline. Loans that are committed are loans with signed definitive documentation where a structuring fee and/or original issue discount have been earned and the Company earns an undrawn spread. Loans that are invested are signed with definitive documentation and, where a structuring fee and/or original issue discount have been earned, the Company has funded the loan to the Borrower and the Company is earning a drawn coupon.

Riverstone expects that every loan it makes will advance the cause of energy transition one way or another. For new green energy infrastructure, or conversion of older assets to a more sustainable use, we will make "Green Loans." For existing hydrocarbon related businesses, we will make "Sustainability-Linked Loans" that tie loan economics to meeting specific sustainability performance targets. Both structures will be based on LSTA guidelines and be subject to second party opinions from Sustainable Fitch.

Seawolf Water Resources – RCOI participated in a Sustainability-Linked secondary investment in a stapled bundle of private securities in Seawolf Water Resources ("Seawolf"), a privately held water infrastructure services company with operations primarily in Loving County, TX and southern New Mexico. The investment includes a first lien term loan along with preferred stock and common equity, collectively at a significant discount to market value.

The investment by RCOI closed on 26 September 2022, and has a maturity of March 31, 2026, and an estimated all-in yield to maturity on the loan of 10.6 percent to RCOI. The preferred stock and common equity are perpetual in nature but benefit from excess cash returned to the shareholders from time to time. Across the term loan, preferred stock, and common equity, RCOI has committed a total of \$9.0 million.

Use of proceeds was to assist in operations in water infrastructure services across Loving County, Texas, and southern New Mexico.

Epic Propane – RCOI amended and extended its investment in EPIC Propane, a sponsor-backed infrastructure company that provides propane purity offtake transportation to the Gulf Coast export market. EPIC Propane is part of the broader EPIC Midstream system that includes over 1,695 miles of crude oil and natural gas liquids pipelines, collectively referred to as "EPIC".

The amendment closed in September 2022, and the loan's maturity was extended to September 2026 and the optional prepayment feature was amended to add a two-year make-whole provision. RCOI has realised c. \$1m profits from the extension. All other material economic terms remain the same. As part of the amendment, the loan was converted to a Sustainability-Linked Loan and all of the economics associated with the original transaction were realised, including the exit premium.

Additionally, as part of the amendment, RCOI's allocation to the loan was reduced from \$14.8m to \$13.9m in order to comply with the Company's diversification policies.

As of 31 December 2022, the full remaining commitment of \$13.9 million is invested.

INVESTMENT MANAGER'S REPORT CONTINUED

Hoover Circular Solutions – RCOI upsized and refinanced its investment in a Sustainability-Linked first lien term loan (the "Term Loan") for Hoover CS, a leading provider of sustainable packaging and fleet management solutions, that is paving the way for customers across the chemical, refining and general industrial-end markets to move away from single-use containers. Sustainable Fitch, a division of Fitch Group focused on ESG, provided a Second Party Opinion ("SPO") on the loan.

At closing on 30 November 2022, all of the Borrower's outstanding debt was refinanced by the new \$160 million Sustainability-Linked, first lien term loan due November 2026.

As part of the new deal allocations, RCOI's commitment was further upsized to \$13.7 million, and the expected returns are in line with the initial investment.

As of 31 December 2022, the full remaining commitment of \$13.7 million is invested.

Clean Energy Fuels Corp. – RCOI participated in, and obtained an SPO from Sustainable Fitch on, a new four-year \$150 million Sustainability-Linked first lien term loan (the "Term Loan") to Clean Energy Fuels Corp. ("Clean Energy Fuels" or "CLNE"), the largest provider of clean fuel for the transportation market.

At close on 22 December 2022, RCOI committed \$13.9 million. The first lien floating rate term loan has a maturity of 22 December 2026 with an all-in yield to maturity of c.12 percent for RCOI on a fully drawn basis.

As of 31 December 2022, the full remaining commitment of \$13.9 million is invested.

Max Midstream – RCOI participated in, and obtained an SPO from Sustainable Fitch on, a new \$28.6 million Sustainability-Linked, first lien term loan (the "Term Loan") to a subsidiary of Max Energy Industrial Holdings US LLC ("Max"), which is developing the first carbon-neutral crude oil export terminal on the Gulf Coast of Texas, which it believes will lead to increased market share as crude consumers globally seek to reduce their overall carbon footprint. At close on 30 December 2022, RCOI committed \$5.0 million.

As of 31 December 2022, the full remaining commitment of \$5.0 million is invested.

Harland & Wolff – RCOI participated in a \$70.0 million first lien Green Term Loan to this LSE listed infrastructure operator engaged in the development and operation of strategic maritime assets across the United Kingdom.

At closing on 9 March 2022, \$11.8 million was committed by RCOI and \$7.9 million was drawn of the \$35 million committed facility tranche. The first lien term loan has a maturity of September 2023 and an estimated all-in yield to maturity of 13.2 percent for RCOI on a fully-drawn basis. Proceeds from the term loan will be utilised to fund working capital and capital expenditures associated with the fabrication of wind turbine generator jackets for the NnG Offshore Wind Project, to repay existing indebtedness, to fund an interest reserve account, and to pay transaction fees & expenses. The Company will also grant Riverstone detachable warrants over new ordinary shares in the Company ("Warrants") as part of this transaction. A total of 8,665,380 Warrants will be issued, of which 2,970,987 Warrants are for RCOI.

The term loan has been structured as a Green Loan following the Green Loan Principles published by the LMA, APLMA, and LSTA and a Sustainability-Linked Loan with performance indicators focused on social responsibility. Harland & Wolff is incentivised to upscale its group-wide apprenticeship programme aimed at the local communities in which it operates. Harland & Wolff plans to build on its success to-date and seeks further contracts within the renewables and "green maritime" sectors, such as fabrication contracts for offshore wind and hydrogen projects, new vessel builds, retrofits with sustainability credentials and other such contracts that would promote the UK Government's agenda to achieving Net Zero by 2050.

In October and December 2022, RCOI participated in \$15 million and \$7.2 million upsizes of the investment, respectively, bringing RCOI's total commitment to \$14.8m.

As of 31 December 2022, the full remaining commitment of \$14.8 million has been invested.



Streamline Innovations – RCOI participated in a \$20.0 million first lien delayed-draw Sustainability-Linked Term Loan to this sponsor-backed leader in environmentally-advanced treatment solutions and equipment for hydrogen sulphide (H_2S) in energy, renewable fuels, wastewater, landfill gas, biogas, and industrial processes.

At closing on 23 November 2021, \$6.9 million was committed by RCOI and \$1.7 million was drawn at closing. The first lien term loan has a maturity of November 2024 and an estimated all-in yield to maturity of 11.1 percent for RCOI on a fully-drawn basis. The term loan is structured as a Sustainability-Linked Loan, whereby the loan pricing steps up unless a sustainability target is met that is tied to new construction of H_2S treating plants, which eliminate poisonous H_2S gas and reduce toxic sulphur dioxide (SO_2) emissions by eliminating routine flaring.

In May 2022, RCOI participated in a \$25.0 million upsize of the investment, which now qualifies as a Green Loan, bringing the total loan size to \$45.0 million. As part of the upsize, Sustainable Fitch provided a Second Party Opinion ("SPO") on the Green Loan to Streamline. The SPO verifies the Term Loan's alignment to the LSTA Green Loan Principles with the transaction being compliant with the four pillars of the LSTA Green Loan Principles and aligned with the LSTA category of pollution and prevention.

As of 31 December 2022, \$6.8 million of the \$13.8 million commitment has been invested.

Blackbuck Resources – RCOI participated in a \$50.0 million first lien delayed-draw Sustainability-Linked Term Loan to the sponsor-backed water infrastructure company focused on providing E&P operators with a one-stop shop for all things related to water management, including treatment, gathering, recycling, storage and disposal. At closing on 30 June 2021, \$9.9 million was committed by RCOI. The first lien term loan has a maturity of June 2024 and an estimated all-in yield to maturity of 11.9% for RCOI on a fully-drawn basis.

The term loan was RCP and RCOI's first investment documented as a "Sustainability-Linked Loan" per LSTA guidelines, with pricing step-ups tied to meeting specific sustainability performance targets ("SPTs") set by the Company's board. For Blackbuck, the SPTs were related to the number of truckloads of water (and the resulting emissions) that could be removed from the highways from their activities. RCP and RCOI intend to use similar lending structures for qualifying companies going forward. The use of proceeds was primarily to refinance existing indebtedness and growth capex.

In June 2022, the loan was upsize \$7.0 bringing the total facility to \$57.0 million. The proceeds, along with incremental equity, will be used to fund growth capex associated with new contracts.

Sustainable Fitch, a division of Fitch Group focused on ESG, provided a Second Party Opinion ("SPO") on the Sustainability-Linked Loan to Blackbuck. The SPO considers the loan to be aligned with the five pillars of the LSTA Sustainability-Linked Loan Principles.

As of 31 December 2022, \$11.1 million of the \$11.6 million commitment has been invested.

INVESTMENT MANAGER'S REPORT CONTINUED

Imperium3 New York, Inc – RCOI participated in a \$63.0 million first lien delayed-draw term loan to this lithium-ion battery company that will commercialise high performing lithium-ion batteries by developing a large-scale manufacturing facility in Endicott, NY. In addition to having a first lien on the manufacturing assets, the credit facility is supported by two parent guarantors: Charge CCCV ("C4V"), which is a research and development company based in Binghamton, New York with patented discoveries in battery composition, and Magnis Energy Technologies Limited ("Magnis") [ASX: MNS]. Once producing at scale, the company will be the first U.S. battery cell supplier not captive to an original equipment manufacturer and supply various underserved industrial end-markets.

At closing on 16 April 2021, \$6.8 million was committed by RCOI and \$5.4 million was drawn at closing. Following the close 20% of the funded investment was sold to a third party. The first lien term loan has a maturity of April 2025 and an estimated all-in yield to maturity of 22.1% for RCOI on a fully-drawn basis. The yield is made up of upfront fees, a drawn coupon and exit fees that are higher than the average in the rest of the portfolio.

The use of proceeds was primarily to construct the manufacturing facility.

In April 2022, the Company fully refinanced this loan with a new source of financing, resulting in a 32.5 percent realised IRR and 1.25x realised MOIC. Additionally, the Company will retain our non-dilutable equity Warrants which provides meaningful upside to this investment.



Caliber Midstream – RCOI participated in a \$10.0 million upsize of RCP's commitment to a \$65.0 million first lien HoldCo term loan for a sponsor-backed Bakken focused midstream company that provides crude oil and natural gas gathering and processing, produced water transportation and disposal, and freshwater sourcing and transportation. RCP closed the initial \$65.0 million financing in June 2018. The term loan upsize closed in August 2019.

At closing, \$3.4 million was committed by RCOI. The first lien HoldCo term loan had a maturity of June 2022 and an all-in expected yield to maturity of 11.8% on a fully drawn basis.

Use of proceeds, combined with an OpCo RCF draw, was to fund an acquisition.

In March 2021, Caliber Midstream Partners' (the "Company" or "OpCo") largest customer, Nine Point Energy, terminated their midstream contract with Caliber and subsequently filed for Chapter 11 bankruptcy. In April 2021, RCOI and other RCP affiliates purchased a small allocation of the OpCo RCF with a maturity in June 2023. In May 2021, RCP and other HoldCo Lenders completed a recapitalisation of Caliber resulting in HoldCo Term Loan Lenders receiving substantially all of the equity in HoldCo. In March 2022, the Company and OpCo lender closed the restructuring with the OpCo lenders receiving ~100% of the equity. Following the restructuring, new management was hired, a new contract was executed and there remains increased focus on cost cutting initiatives and new revenue opportunities.

As of 31 December 2022, the full \$4.0 million commitment has been invested.

SUBSEQUENT EVENTS AND OUTLOOK

In aggregate, six direct investments were realised during 2022, two of which were realised as part of refinancings. The Investment Manager continues to believe that this is a market where patience and a disciplined approach to investing are likely to be well rewarded, and to create real value for shareholders.

The backdrop for the broader energy sector remains strong, continuing the trend seen at the beginning of 2022. Given our focus on energy infrastructure, infrastructure services and energy transition assets, RCOI is well-diversified and poised to take advantage of the investment opportunity brought about by the convergence of two market phenomena, namely the consistent growing demand for sources of energy and the concurrent need for the global infrastructure industry to meet global "net-zero" targets.

The realisations made in the period have resulted in additional liquidity to deploy into the energy infrastructure and infrastructure pipeline of opportunities. As the commodity market overall remains strong and given the strong returns of the realisations, we are poised to continue to provide stable cashflows and an attractive yield. We will therefore continue to target similar investment opportunities through our Green Loans and Sustainability-Linked Loans with sustainability performance targets. Additionally, despite the recent increase in inflation and rise in interest rates, our floating rate loans are all based in LIBOR or SOFR with floors and don't decline in value as interest rates are likely to rise.

Based on the current unfunded commitments, recent deal activity, and potential new investment opportunities, we anticipate continuing to provide attractive returns and consistent yield in the portfolio.

BOARD OF DIRECTORS



REUBEN JEFFERY, III

Chairman

Mr. Jeffery has a broad range of financial services experience and in addition brings extensive insight into the US political and regulatory environment. He is chairman of Sumitomo Mitsui Banking Corporation Americas Holdings, Inc. and is a former non-executive director of Barclays PLC. He was previously the President and CEO of Rockefeller Financial Services, Inc. Mr. Jeffery has served in the US government as Under Secretary of State for Economic, Energy and Agricultural Affairs, as Chairman of the Commodity Futures Trading Commission, and as a special assistant to the President on the staff of the National Security Council.

Before his government service, Mr. Jeffery spent 18 years at Goldman Sachs & Co where he was Managing Partner of Goldman Sachs in Paris and led the firm's European Financial Institutions Group in London. Prior to joining Goldman Sachs, Mr. Jeffery was a corporate attorney with Davis Polk & Wardwell.

Mr. Jeffery is a graduate of Yale University and holds an M.B.A. and J.D. from Stanford University.



EMMA DAVIES

Director, Chair of Audit and Risk Committee

Ms. Davies is co-Head of Octopus Ventures.

Ms. Davies has over 20 years' experience as an investor and portfolio manager. Her most recent role was Head of Direct Investments at Marylebone Partners; before this she was the Head of Property and Infrastructure at The Wellcome Trust, where she also helped to manage their public markets portfolio. She was formerly CIO of Big Society Capital and ran the European investments team for Perry Capital.

Ms. Davies is a non-executive director of Baillie Gifford European Growth Trust, EdtechX Holdings Acquisition Corp. and Octopus Future Generations VCT. Ms. Davies is a graduate of Oxford University and holds an MSc from the London School of Economics.



EDWARD CUMMING-BRUCE

Director, Chair of Nomination Committee

Mr. Cumming-Bruce is the Vice Chairman of Gleacher Shacklock LLP, which he joined in August 2003. Prior to this, he worked for 12 years at Dresdner Kleinwort Wasserstein where he held a number of senior positions including a Co-Head of Global Telecoms Investment Banking, Co-Head of UK Investment Banking and Global Head of Equity Capital Markets.

Mr. Cumming-Bruce has extensive experience advising a range of major European companies on capital markets and restructuring transactions as well as mergers and acquisitions. Prior to Dresdner Kleinwort Wasserstein, he worked at Schroders.

Mr. Cumming-Bruce is a graduate of Oxford University.

REPORT OF THE DIRECTORS

The Directors present their Annual Report and audited financial statements for the Company for the year ended 31 December 2022. The Corporate Governance Report on pages 35 to 42 forms part of this report.

Details of the Directors who held office during the year and as at the date of this report are given on pages 26 to 27.

CAPITAL STRUCTURE

To enable the Company to obtain a certificate to commence business and to exercise its borrowing powers under section 761 CA 2006, on 11 March 2019, 1 E Share of £1 and 50,000 shares of £1 each were allotted to Riverstone Investment Group LLC and paid up in full, as Management Shares. The E Share and Management Shares grant the registered holders the right to receive notice of and to attend but, except where there are no other shares of the Company in issue, not to speak or vote at any general meeting of the Company. The Management Shares were redeemed in full on 28 May 2019. The E Shares are not redeemable.

As at 31 December 2022, the Company's issued share capital comprised 90,805,237 Ordinary Shares (2021: 91,545,383) and 1 E Share (2021: 1). Ordinary Shareholders are entitled to all distributions paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company.

Ordinary Shareholders are entitled to attend and vote at all general meetings of the Company and, on a poll, to one vote for each Ordinary Share held.

AUTHORITY TO PURCHASE OWN SHARES

The current authority of the Company to make market purchases of its issued share capital expires at the conclusion of the Company's AGM on 18 May 2023. The Company's authority to generally and unconditionally make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of its Ordinary Shares of US\$0.01 each in the capital of the Company, is subject to the following conditions:

- i. the maximum number of Ordinary Shares authorised to be purchased is 13,722,652 representing 14.99 per cent of the Company's issued ordinary share capital as at 29 March 2022;
- ii. the minimum price (excluding expenses) which may be paid for an Ordinary Share is US\$0.01;
- iii. the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of: (i) an amount equal to 105 per cent of the average of the middle-market quotations of an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share on the trading venue where the purchase is carried out;
- iv. the authority shall expire at the close of the AGM of the Company held in 2023 or on the date which falls 15 months after 18 May 2022, being the date the resolution was passed, (whichever is earlier); and
- v. a contract to purchase Ordinary Shares under the authority may be made before the expiry of the authority (as per paragraph iv above), and concluded in whole or in part after the expiry of the authority (as per paragraph iv above).

Since IPO, 9,194,763 shares were repurchased for a total cash consideration of US\$6,471,738. The buyback programme was paused on 24 August 2022. More information can be found at note/page 19.

A special resolution will be proposed at the forthcoming AGM seeking renewal of such authority until the next AGM (or 18 August 2024, whichever is earlier). The price paid for the shares will not be less than the nominal value or more than the maximum amount permitted to be paid in accordance with the rules of the UK Listing Authority in force at the date of purchase. This power will be exercised only if, in the opinion of the Directors, a repurchase would be in the best interests of Shareholders as a whole. Any shares repurchased under this authority will either be cancelled or held in treasury at the discretion of the Board for future resale in appropriate market conditions.

The Directors believe that the renewal of the Company's authority to purchase shares, as detailed above, is in the best interests of Shareholders as a whole and therefore recommend Shareholders to vote in favour of this special resolution.

MAJOR INTERESTS IN SHARES

Significant shareholdings as at 31 December 2022 are detailed below.

	ORDINARY SHARES HELD % 31 DECEMBER 2022
ND Capital Investments Ltd (Tortola)	11.01
Newton Investment Mgt (London)	10.43
Staude Capital (London)	8.57
AXA Investment Mgrs (London)	8.42
Alder Investment Mgt (London)	8.26
Almitas Capital (Santa Monica)	6.24
Brooks Macdonald Asset Mgt (London)	5.76
Polar Capital (London)	5.66
Metage Capital Mgt (London)	4.63
Jupiter Asset Mgt (London)	4.41

In addition, the Company also provides the same information as at 31 January 2023, being the most current information available.

	ORDINARY SHARES HELD % 31 JANUARY 2023
ND Capital Investments Ltd (Tortola)	11.01
Newton Investment Mgt (London)	10.43
Staude Capital (London)	8.57
AXA Investment Mgrs (London)	8.42
Alder Investment Mgt (London)	8.26
Almitas Capital (Santa Monica)	6.20
Brooks Macdonald Asset Mgt (London)	5.76
Polar Capital (London)	5.66
Metage Capital Mgt (London)	4.63
Jupiter Asset Mgt (London)	4.41

COMPANIES ACT 2006 DISCLOSURES

In accordance with Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008, the Directors disclose the following information:

- the Company's capital structure is detailed in note 8 to the financial statements and all Shareholders have the same voting rights in respect of the share capital of the Company, except that the holders of E Shares have no right to speak or vote at any general meeting of the Company, unless there are no other shares of the Company in issue. There are no restrictions on voting rights that the Company is aware of, nor any agreement between holders of securities that result in restrictions on the transfer of securities or on voting rights;
- there exist no securities carrying special rights with regard to the control of the Company;
- the Company does not have an employees' share scheme;
- the rules concerning the appointment and replacement of Directors are contained in the Company's Articles of Association and the Companies Act 2006;
- Ordinary Shareholders are entitled to all dividends paid by the Company;
- there exist no agreements to which the Company is party that may affect its control following a takeover bid; and
- there exist no agreements between the Company and its Directors providing for compensation for loss of office that may occur because of a takeover bid; and
- the Directors' responsibilities pursuant to Section 172 of the Companies Act 2006, are as detailed in the Strategic Report.

INVESTMENT TRUST STATUS

The Directors intend at all times to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended and the Investment Trust (Approved Company) (Tax) Regulations 2011. In particular, the Company must not retain in respect of any accounting year or period an amount which is greater than 15 percent of its eligible investment income.

DIVERSITY AND BUSINESS REVIEW

A business review is detailed in the Investment Manager's Report on pages 20 to 25 and the Company's policy on diversity is detailed in the Corporate Governance Report on page 37.

REPORT OF THE DIRECTORS CONTINUED

DIRECTORS' INDEMNITY

Directors' and Officers' liability insurance cover is in place in respect of the Directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Except for such indemnity provisions in the Company's Articles of Association and in the Directors' letters of appointment, there are no qualifying third-party indemnity provisions in force.

GLOBAL GREENHOUSE GAS EMISSIONS

As an investment trust, the Company's own direct environmental impact is minimal. The Company has no greenhouse gas emissions to report from its operations, nor does it have responsibility for any other emissions producing sources under the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013. For the same reasons as set out above, the Company has performed an assessment and considers itself to be a low energy user under the SECR regulations and therefore is not required to disclose energy and carbon information.

RISKS AND RISK MANAGEMENT

The Company is exposed to financial risks such as price risk, interest rate risk, credit risk and liquidity risk and the management and monitoring of these risks is detailed in note 15 to the Financial Statements.

INDEPENDENT AUDITOR

The Directors will propose the re-appointment of Ernst & Young LLP as the Company's Auditor and resolutions concerning this and the remuneration of the Company's Auditor will be proposed at the AGM.

At the time that this report was approved, so far as each of the Directors is aware:

- there is no relevant audit information of which the Auditor is unaware; and
- they have taken all the steps they ought to have taken to make themselves aware of any audit information and to establish that the Auditor is aware of that information.

ANNUAL REPORT

As disclosed in the Audit and Risk Committee Report on pages 43 to 46, the Audit and Risk Committee has given due consideration that the Annual Report, taken as a whole, is fair, balanced and understandable. Therefore the Board is of the opinion that the Annual Report provides the information necessary for Shareholders to assess the performance, strategy and business model of the Company.

The Board recommends that the Annual Report, the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2022 are received and adopted by the Shareholders and a resolution concerning this will be proposed at the AGM.

DISTRIBUTION

With respect to the quarter ended 31 December 2022 the Board has recommended a distribution of \$2.7 million, equivalent to 3.0 cents per share, as disclosed in note 13 to the financial statements. This brings the total distribution declared with respect to the year ended 31 December 2022 to 9.00 cents per share.

SUBSEQUENT EVENTS

There have been no significant subsequent events, other than those disclosed in note 18 to the financial statements.

STRATEGIC REPORT

A review of the business and future outlook, going concern statement and the principal and emerging risks and uncertainties of the Company have not been included in this report as they are disclosed in the Strategic Report on pages 6 to 19.

On behalf of the Board



REUBEN JEFFERY, III
Chairman
15 February 2023

DIRECTORS' REMUNERATION REPORT



This report has been prepared by the Directors in accordance with the requirements of the Companies Act 2006 and the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. A resolution to approve the Directors' Remuneration Report will be proposed at the Company's AGM on 18 May 2023. At the AGM on 18 May 2022, Shareholders voted 99.99 percent in favour to approve the Directors' Remuneration Report for the year ended 31 December 2021.

The Company's Auditor is required to give its opinion on the information provided on Directors' remuneration on page 34 of this report and this is explained further in its report to Shareholders on pages 55 to 59. The remainder of this report is outside the scope of the external audit.

ANNUAL STATEMENT FROM THE CHAIRMAN OF THE BOARD

The Board, which is profiled on pages 26 to 27, consists solely of non-executive Directors and is considered to be entirely independent. The Board considers at least annually the level of the Board's fees, in accordance with the AIC Code.

REMUNERATION POLICY

As at the date of this report, the Board comprised three Directors, all of whom are non-executive. Due to the size of the Company and the Board, there is not a separate Remuneration Committee. Being wholly comprised of non-executive Directors, the whole Board considers these matters.

Each Director receives a fixed fee per annum based on their roles and responsibilities within the Company and the time commitment required. It is not considered appropriate that Directors' remuneration should be performance related and none of the Directors are eligible for pension benefits, share options, long term incentive schemes or other benefits in respect of their services as non-executive Directors of the Company.

The maximum annual limit of aggregate fees payable to the Directors was set at the time of the Company's incorporation on 11 March 2019 at £500,000 per annum. The Chairman is entitled to an additional fee of £10,000 per annum and the Audit and Risk Committee Chair is entitled to an additional fee of £5,000 per annum. The Board may grant special remuneration to any Director who performs any special or extra services to, or at, the request of the Company.

The Articles of Association provide that all Directors at the date of the notice covering each AGM shall retire from office and each Director may offer themselves for re-election, in accordance with corporate governance best practice.

All of the Directors have been provided with letters of appointment, subject to re-election by Shareholders.

A Director's appointment may at any time be terminated by and at the discretion of either party upon written notice. A Director's appointment will automatically end without any right to compensation whatsoever if they are not re-elected by the Shareholders. A Director's appointment may also be terminated with immediate effect and without compensation in certain other circumstances. Being non-executive Directors, none of the Directors has a service contract with the Company.

The Company's Remuneration Policy was approved at its second AGM on 18 May 2022, with Shareholders voting 90.25 percent in favour and 9.75 percent of votes against. The terms and conditions of appointment of non-executive Directors are available for inspection from the Company's registered office.

DIRECTORS' REMUNERATION REPORT CONTINUED

ANNUAL REPORT ON REMUNERATION (AUDITED INFORMATION)

The table below shows all remuneration earned by each individual Director during the year:

	PAID IN THE YEAR TO 31 DECEMBER 2022 \$	CHANGE FROM PRIOR YEAR %	PAID IN THE YEAR TO 31 DECEMBER 2021 \$
Reuben Jeffery, III (Chairman) – £45k p.a.	55,400	-10%	61,390
Emma Davies (Audit & Risk Committee Chair) – £40k p.a.	49,245	-10%	54,569
Edward Cumming-Bruce (Nomination Committee Chair) – £35k p.a.	43,089	-10%	47,748
Total	147,734		163,707

The Directors total annual remuneration has not changed from prior year. The percent change detailed above is directly related to foreign exchange rate movements, as the Directors are paid in GBP.

Amounts paid to Directors as reimbursement of travel and other incidental expenses during the year were:

	PAID IN THE YEAR TO 31 DECEMBER 2022 \$	CHANGE FROM PRIOR YEAR %	PAID IN THE YEAR TO 31 DECEMBER 2021 \$
Reuben Jeffery, III	31,524	103%	15,551
Emma Davies	–	–	–
Edward Cumming-Bruce	–	–	–
Total	31,524	–	15,551

None of the Directors received any other remuneration or additional discretionary payments during the year from the Company (2021: \$Nil).

DIRECTORS' INTERESTS (AUDITED INFORMATION)

Directors who held office during the year and had interests in the Ordinary Shares of the Company as at 31 December 2022 are given in the table below. There were no changes to the interests of each Director as at the date of this report.

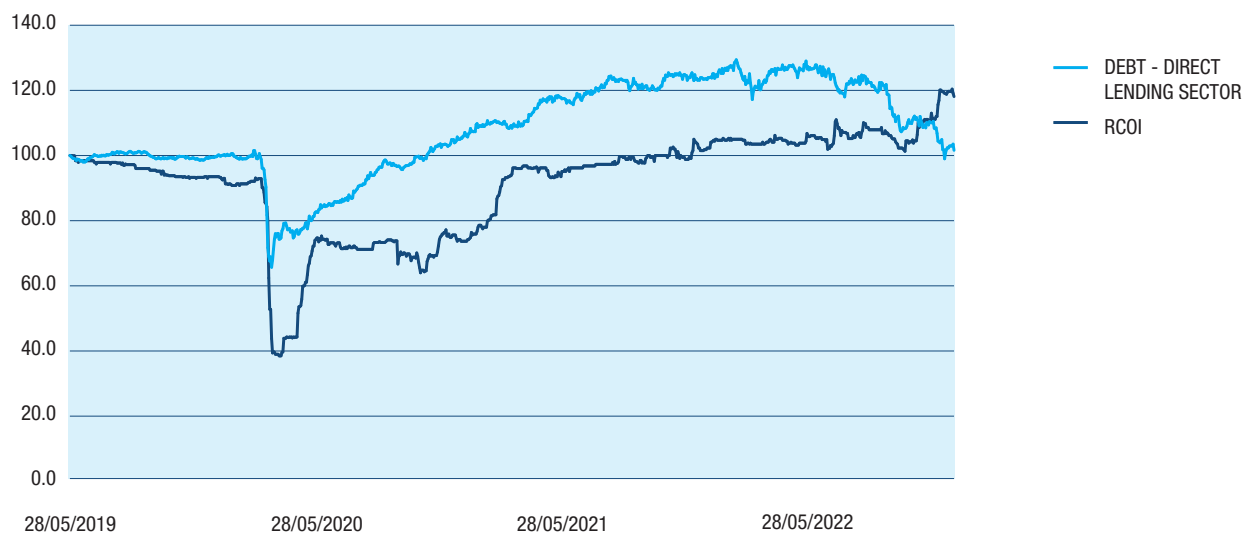
	ORDINARY SHARES OF \$0.01 EACH HELD AT 31 DECEMBER 2022	ORDINARY SHARES OF \$0.01 EACH HELD AT 31 DECEMBER 2021
Reuben Jeffery, III	100,000	100,000
Emma Davies	45,000	45,000
Edward Cumming-Bruce	50,000	50,000

RELATIVE IMPORTANCE OF SPEND ON PAY

The remuneration of the Directors with respect to the year totalled \$147,734 (2021: \$163,707) in comparison to distributions paid or declared to Shareholders with respect to the year of \$8.9 million (2021: \$6.4 million).

COMPANY PERFORMANCE

The graph below compares the total return to Shareholders compared to the AIC Investment Trust Direct Lending sector index, which is not sector specific to energy. The performance of the AIC Investment Trust Direct Lending sector index is shown as a market reference for investors. The Company is primarily involved in making senior secured loans to energy-related companies through its SPVs. Comparable peers making debt investments also use direct lending indexes for benchmarking purposes and so the AIC Investment Trust Direct Lending sector index is chosen for benchmarking purposes.



On behalf of the Board

REUBEN JEFFERY, III

Chairman

15 February 2023

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Company financial statements in accordance with UK-adopted IAS. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the Company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted IAS, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- prepare a Report of the Directors, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibilities also extend to the ongoing integrity of the financial statements contained therein.

DIRECTORS' RESPONSIBILITIES PURSUANT TO DTR4.1

The Directors confirm that to the best of their knowledge:

- the Company's financial statements have been prepared in accordance with UK-adopted IAS and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company; and
- the Annual Report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal and emerging risks and uncertainties that they face.

On behalf of the Board



REUBEN JEFFERY, III

Chairman

15 February 2023

CORPORATE GOVERNANCE REPORT

This Corporate Governance Report forms part of the Report of the Directors as further disclosed on pages 28 to 30. The Board operates under a framework for corporate governance which is appropriate for an investment company.

The Company is not required to comply with the UK Listing Rules, however as a matter of good corporate governance, the Company voluntarily complies with the provisions of the Listing Rules applicable to closed-ended investment companies.

The Company became a member of the AIC with effect from 28 May 2019 and has therefore put in place arrangements to comply with the AIC Code and, in accordance with the AIC Code, complies with the UK Code.

The AIC Code and the AIC Guide are available on the AIC's website, <https://www.theaic.co.uk>.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide, provides better information to Shareholders. The UK Code is available on the Financial Reporting Council's website, <https://www.frc.org.uk>.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the UK Code, the Board considers that the above provisions are not currently relevant to the position of the Company, being an externally managed investment company, which delegates most day-to-day functions to third parties.

The Company does not have a chief executive or any executive directors. The Company has not established a separate remuneration committee as the Company has no executive officers, nor has it established a Senior Independent Director due to the size of the Board and the Company. The Board is satisfied that any relevant issues that arise can be properly considered by the Board.

The Company has no employees or internal operations and has therefore not reported further in respect of these provisions. The need for an internal audit function is discussed in the Audit and Risk Committee Report.

THE BOARD

The Company is led and controlled by a Board of Directors, which is collectively responsible for the long-term success of the Company. It does so by creating and preserving value, and has as its foremost principle, acting in the interests of Shareholders, whilst having regard to the interests of wider society.

The Company believes that the composition of the Board is a fundamental driver of its success, as the Board must provide strong and effective leadership of the Company. The current Board was selected, as their biographies illustrate, to bring a breadth of knowledge, skills and business experience to the Company. The non-executive Directors provide independent challenge and review, bringing wide experience, specific expertise and a fresh objective perspective.

As at the date of this report, the Board consists of three non-executive Directors, all of whom are independent of the Company's Investment Manager. All Directors were appointed on 2 April 2019 and served throughout the year. The AIC Code requires that Directors be subject to an annual election by Shareholders, and the Directors comply with this requirement. All of the Directors, including the Chairman, shall offer themselves for re-election at the forthcoming AGM. The strong and diverse mix of experienced individuals on the current Board enables high calibre debate and constructive challenge. Having considered their effectiveness, demonstration of commitment to the role, length of service, attendance at meetings and contribution to the Board's deliberations, the Board approves the nomination for re-election of all of the Directors.

CORPORATE GOVERNANCE REPORT CONTINUED

At each subsequent AGM of the Company, each of the Directors at the date of the notice convening the AGM shall retire from office and may offer themselves for election or re-election by the Shareholders, in accordance with corporate governance best practice.

The Chairman of the Board is independent and is appointed in accordance with the Company's Articles of Incorporation. Mr. Jeffery is considered to be independent because he:

- has no current or historical employment with the Investment Manager;
- has no current directorships or partnerships in any other investment funds managed by the Investment Manager; and
- is not an executive of a self-managed company or an ex-employee who has left the executive team of a self-managed company within the last five years.

The Board meets at least four times a year for regular, scheduled meetings and should the nature of the activity of the Company require it, additional meetings may be held, some at short notice. At each meeting, the Board follows a formal agenda that covers the business to be discussed. The Company Secretary assists the Board and Committee Chairs in agreeing the agenda in sufficient time before the meeting to enable input from key stakeholders. Care is taken to ensure that presentation of papers are clear with the appropriate level of detail to assist the Board and Committees in discharging their duties. The Board utilises a web-based system which provides ready access to Board and Committee papers and materials. The primary focus at Board meetings is a review of investment performance and associated matters such as asset allocation, share price discount/premium management, investor relations, peer group information, gearing, industry issues and principal and emerging risks and uncertainties in particular those identified in the Strategic Report on pages 6 to 19.

The Board may request to be supplied in a timely manner with information by the Investment Manager, Administrator, Company Secretary and other advisers in a form and of a quality to enable it to discharge its duties.

The Company has adopted a share dealing code based on the requirements of the UK Market Abuse Regulation for the Board and will seek to ensure compliance by the Board and relevant personnel of the Investment Manager and other third party service providers with the terms of the share dealing code.

The Board also considers whether the Company has inside information and if an announcement obligation has arisen. The Board reviews the scope and content of disclosures in order to ensure that information released to the market by the Company is appropriate. It is responsible for reviewing the systems, procedures and controls in place to enable the Company to comply with its legal and regulatory obligations in relation to inside information.

The Board is also responsible for reviewing and considering any actual or potential conflicts of interest referred to it in accordance with the Company's conflicts of interest policy and approving any such conflicts. At least annually, the Board reviews the adequacy of disclosure to Shareholders regarding potential conflicts of interest and the effectiveness of the Company's conflicts of interest policy. In addition, the Board is responsible for reviewing and approving any related party transactions. Other key matters requiring Board approval include capital structure, the Company's distribution policy and changes to the Investment Policy.

In the performance of its duties, the Board is committed to maintaining a good understanding of the views of Shareholders and considerable importance is attached to communicating with Shareholders.

THE CULTURE

The Board discussed the Company's culture over the course of the year. It was agreed that the Company's culture is built around that of the Investment Manager, with a focus on long lasting relationships with a diverse investor base; sustainable investment excellence; and a world class team demonstrating extensive industry knowledge.

The Board continues to operate in a respectful, transparent and inclusive manner, where constructive challenge of opinions is welcomed and differences of perspectives are encouraged. The Board also undertakes continued engagement with the Investment Manager and other advisors to ensure that practices and behaviour throughout the business are aligned with the Company's purpose and strategy. The Board will continue to monitor the Company's culture on an annual basis through continued engagement with Shareholders and management.

DIVERSITY POLICY

The Board monitors developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, (including gender, social and ethnic backgrounds and cognitive and personal strengths) for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well-diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skills sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company.

The Board recognises the importance of an inclusive and diverse Board in facilitating a collaborative culture and enhancing the delivery of the Company's strategic objectives. The Board will continue to monitor and actively work on ensuring that it maintains and nurtures a Board that is as diverse as possible. This baseline representation and understanding will help inform the development of future initiatives on diversity and inclusion.

As at the date of this report, the Board comprised two men and one woman, all non-executive Directors who are considered to be independent of the Investment Manager and free from any business or other relationship that could materially interfere with the exercise of their independent judgement.

The Investment Manager has a diverse employee base and continues to dedicate recruitment resources to increasing diversity across all positions and levels.

BOARD TENURE AND RE-ELECTION

As the Company was incorporated on 11 March 2019, there are no issues to be considered by the Board with respect to long tenure. In accordance with the AIC Code, in the event that any Director, including the Chairman, shall have been in office (or on re-election would have been at the end of that term of office) for more than nine years, the Company will consider further whether there is a risk that such a Director might reasonably be deemed to have lost independence through such long service. The Board will consider its composition and succession planning on an ongoing basis. All Directors will stand for annual re-election at each AGM. In accordance with the AIC Code, the Board recognises that Directors serving nine years or more may appear to have their independence impaired.

However, the Board may nonetheless consider Directors to remain independent and will provide a clear explanation within future Annual Reports and financial statements as to its reasoning. A Director who retires at an AGM may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed. Directors are appointed under letters of appointment.

The Board will consider its composition and succession planning on an ongoing basis.

The Board recommends that Shareholders vote in favour of the re-election of all Directors at the upcoming AGM of the Company.

DUTIES AND RESPONSIBILITIES

The Board has overall responsibility for the Company's activities, including reviewing its investment activity, performance, business conduct and policy. The Directors also review and supervise the Company's delegates and service providers, including the Investment Manager.

The Directors may delegate certain functions to other parties. In particular, the Directors have delegated responsibility for management of the Company's portfolio of investments to the Investment Manager.

The Board retains direct responsibility for certain matters, including (but not limited to):

- approving the Company's long-term objective and any decisions of a strategic nature including any change in investment objective, policy and restrictions, including those which may need to be submitted to Shareholders for approval;
- reviewing the performance of the Company in light of the Company's strategic objectives and budgets ensuring that any necessary corrective action is taken;
- ensuring appropriate internal controls and risk management frameworks are in place to manage and continually assess risk;
- appointing, overall supervision and removal of key service providers and any material amendments to the agreements or contractual arrangements with any key delegates or service providers;

CORPORATE GOVERNANCE REPORT CONTINUED

- approving quarterly distributions and the Company's distribution policy;
- approving any transactions with 'related parties' for the purposes of the Company's voluntary compliance with the applicable sections of the UK Listing Rules;
- reviewing the Company's valuation policy and proposed valuations of its investments;
- reviewing the Company's corporate governance arrangements;
- providing constructive challenge and strategic guidance and offering specialist advice; and
- approving any actual or potential conflicts of interest.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with applicable law and regulations of the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company. The Company maintains Directors' and Officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibilities Statement. The Board has responsibility for ensuring that the Company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and which enable it to ensure that the financial statements comply with applicable regulations. It is the Board's responsibility to present a fair, balanced and understandable Annual Report, which provides the information necessary for Shareholders to assess the performance, strategy and business model of the Company. This responsibility extends to the half-yearly financial reports, quarterly portfolio valuations and other price-sensitive public reports.

DIRECTORS' ATTENDANCE AT BOARD AND COMMITTEE MEETINGS

One of the key criteria the Company uses when selecting non-executive Directors is their confirmation prior to their appointment that they will be able to allocate sufficient time to the Company to discharge their responsibilities in a timely and effective manner.

The Board formally met 9 times during the year.

Directors are encouraged when they are unable to attend a meeting to give the Chairman their views and comments on matters to be discussed, in advance. In addition to their meeting commitments, the non-executive Directors also liaise with the Investment Manager whenever required and there is regular contact outside the Board meeting schedule.

The number of meetings of the full Board and Committees in the period year to 31 December 2022 and attendance by each Director is set out below:

Director	BOARD MEETINGS (MAX 10)		AUDIT AND RISK COMMITTEE MEETINGS (MAX 4)		NOMINATION COMMITTEE MEETINGS (MAX 1)		MANAGEMENT ENGAGEMENT COMMITTEE MEETINGS (MAX 1)		TENURE AS AT 31 DECEMBER 2022
	A	B	A	B	A	B	A	B	
Reuben Jeffery, III	9	9	4	4	1	1	1	1	3 years 9 months
Emma Davies	9	9	4	4	1	1	1	1	3 years 9 months
Edward Cumming-Bruce	9	9	4	4	1	1	1	1	3 years 9 months

Column A: indicated the number of meetings held during the year.

Column B: indicates the number of meetings attended by the Director during the year.

A quorum is comprised of any two or more members of the Board from time to time, to perform administrative and other routine functions on behalf of the Board, subject to such limitations as the Board may expressly impose on this committee from time to time.

COMMITTEES OF THE BOARD

The Board believes that it and its committees have an appropriate composition and blend of skills, experience, independence and diversity of backgrounds to discharge their duties and responsibilities effectively. The Board is of the view that no one individual or small group dominates decision-making. The Board keeps its membership, and that of its committees, under review to ensure that an acceptable balance is maintained, and that the collective skills and experience of its members continue to be refreshed. It is satisfied that all Directors have sufficient time to devote to their roles and that undue reliance is not placed on any individual.

The Board has three standing Committees, being the Audit and Risk Committee, the Nomination Committee and the Management Engagement Committee. The roles and responsibilities of each Committee are included in their respective paragraphs below.

Each committee of the Board has written terms of reference, approved by the Board, summarising its objectives, remit and powers, which are available on the Company's website and reviewed on an annual basis. All committee members are provided with appropriate induction on joining their respective committees, as well as on-going access to training. Minutes of all meetings of the committees are made available to all Directors and feedback from each of the committees is provided to the Board by the respective committee Chairman at the next Board meeting. The Chairman of each committee attends the AGM to answer any questions on their committee's activities.

The Board and its committees are supplied with regular, comprehensive and timely information in a form and of a quality that enables them to discharge their duties effectively. All Directors are able to make further enquiries of management whenever necessary, and have access to the services of the Company Secretary.

Audit and Risk Committee

The Audit and Risk Committee is chaired by Ms. Davies and comprises all the non-executive Directors. The Audit and Risk Committee, the Investment Manager, the Administrator and the external auditor, Ernst & Young LLP, have held discussions regarding the audit approach and identified risks. The external auditor attends Audit and Risk Committee meetings and a separate private meeting is also held routinely to afford them the opportunity of discussions without the presence of management. The Audit and Risk Committee activities are contained in the Report of the Audit and Risk Committee on pages 43 to 46.

The Company's Audit and Risk Committee, among other things, considers the appointment, independence and remuneration of the independent auditors and reviews the financial statements and accounting policies. The principal duties of the Audit and Risk Committee are to consider the appointment of the independent auditors, to discuss and agree with the independent auditors the nature and scope of the audit, to keep under review the scope, results, quality and effectiveness of the audit and the independence and objectivity of the independent auditors, and to review the independent auditors' letter of engagement, Audit Planning Report and Audit Results Report. The Audit and Risk Committee also monitors and reviews the adequacy and effectiveness of internal control and risk management systems and advises the Board on the Company's overall risk appetite. The Audit and Risk Committee meets at least three times a year.

Nomination Committee

The Nomination Committee meets at least once a year pursuant to its terms of reference. The Nomination Committee is chaired by Mr. Cumming-Bruce and comprises all of the non-executive Directors.

The Nomination Committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. The Nomination Committee recognises the continuing importance of planning for the future and ensuring that succession plans are in place. With regard to Board appointments, the Nomination Committee prepares specifications of the roles and responsibilities, including expected time commitments, and consideration is given to the existing experience, knowledge and background of current Board members, as well as the strategic and business objectives of the Company. The Committee would then use open advertising and/or an external search consultancy to facilitate recruitment. In considering appointments to the Board, the Nomination Committee will take into account the ongoing requirements of the Company and evaluate the balance of skills, experience, independence, and knowledge of each candidate while promoting diversity of gender, and of social and ethnic background. Therefore, appointments will be made on personal merit and against objective criteria with the aim of bringing new skills and different perspectives to the Board whilst taking into account the existing balance of knowledge, experience and diversity.

CORPORATE GOVERNANCE REPORT CONTINUED

In the case of candidates for non-executive directorships, care will be taken to ascertain that they have sufficient time to fulfil their Board and, where relevant, committee responsibilities. The Board believes that the terms of reference of the Nomination Committee ensure that it operates in a rigorous and transparent manner. The Board believes that, as a whole, it comprises an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

The Nomination Committee has reviewed the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each of the Directors has sufficient time available to discharge their duties effectively. The Committee and the Board confirm that they believe that the Board has an appropriate mix of skills and backgrounds and was selected with that in mind, that a majority of Directors should be considered as independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.

Accordingly, the Board recommends that Shareholders vote in favour of the election of all Directors at the upcoming AGM of the Company.

Management Engagement Committee

The Management Engagement Committee is chaired by Mr. Jeffery and comprises all of the non executive Directors. The Management Engagement Committee meets at least once a year pursuant to its terms of reference.

The Management Engagement Committee provides a formal mechanism for the review of the performance of the Investment Manager and the Company's other advisers and service providers. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisers' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Shareholders. On 1 November 2022, the Management Engagement Committee formally reviewed the performance of the Investment Manager and other service providers and confirmed that performance had been satisfactory to date.

Remuneration Committee

The AIC Code recommends that companies appoint a Remuneration Committee, however the Board has not deemed this necessary, as being wholly comprised of non-executive Directors, the whole Board considers these matters.

BOARD PERFORMANCE AND EVALUATION

In accordance with Provision 26 of the AIC Code, the Board is required to undertake a formal and rigorous evaluation of its performance on an annual basis. Such an evaluation of the performance of the Board as whole, the Audit and Risk Committee, the Nomination Committee, the Management Engagement Committee, individual Directors and the Chairman is carried out under the mandate of the Nomination Committee. The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

On 16 February 2022, the Management Engagement Committee conducted an internal evaluation of the Board, the Audit and Risk Committee and individual Directors. This was in the form of performance appraisal, questionnaires and discussion to determine effectiveness and performance in various areas, as well as the Directors' continued independence and tenure. This process was facilitated by the Company Secretary. The review concluded that the overall performance of the Board and Audit and Risk Committee was satisfactory and the Board was confident in its ability to continue to govern the Company effectively.

New Directors receive an induction on joining the Board and regularly meet with the senior management employed by the Investment Manager both formally and informally to ensure that the Board remains regularly updated on all issues. All members of the Board are members of professional bodies and serve on other Boards, which ensures they are kept abreast of the latest technical developments in their areas of expertise.

The Board arranges for presentations from the Investment Manager, the Company's brokers and other advisers on matters relevant to the Company's business. The Board will assess the training needs of Directors on an annual basis.

INTERNAL CONTROL AND FINANCIAL REPORTING

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. However, the Board's objective is to ensure that the Company has appropriate systems in place for the identification and management of risks. The Directors carry out a robust assessment of the principal and emerging risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. As further explained in the Audit and Risk Committee Report, the risks of the Company are outlined in a risk matrix which was reviewed and updated during the year.

The Board continually reviews its policy setting and updates the risk matrix at least quarterly to ensure that procedures are in place with the intention of identifying, mitigating and minimising the impact of risks should they crystallise.

The key procedures which have been established to provide internal control are that:

- the Board has delegated the day-to-day operations of the Company to the Administrator and Investment Manager; however, it retains accountability for all functions it delegates;
- the Board clearly defines the duties and responsibilities of the Company's agents and advisers and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisers and will continue to do so through the Management Engagement Committee;
- the Board monitors the actions of the Investment Manager at regular Board meetings and is given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies;
- the Administrator provides administration and company secretarial services to the Company;
- The Administrator maintains a system of internal control on which they report to the Board;
- the Audit and Risk Committee monitors risks, including those of the Administrator and Investment Manager; and
- the Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Manager, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investments and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes. The Administrator and Investment Manager both operate risk controlled frameworks on an ongoing basis within a regulated environment. The Administrator formally reports to the Board quarterly through a compliance report and holds the International Standard on Assurance Engagements (ISAE) 3402 Type 2 certification.

This entails an independent rigorous examination and testing of their controls and processes. The Investment Manager formally reports to the Board quarterly including updates within Riverstone and also engages with the Board on an ad-hoc basis as required. No weaknesses or failings within the Administrator or Investment Manager have been identified.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. This process has been in place for the year under review and up to the date of approval of this Annual Report and financial statements. It is reviewed by the Board and is in accordance with the FRC's internal control publication: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

INVESTMENT MANAGEMENT AGREEMENT

The Investment Manager has been appointed as the sole investment manager of the Company and the SPVs. Pursuant to the Investment Management Agreement, the Investment Manager has responsibility for and discretion over investing and managing the Company's and the SPVs' direct and indirect assets, subject to, and in accordance with, the Company's investment policy. The Investment Manager is entitled to delegate all or part of its functions under the Investment Management Agreement to one or more of its affiliates. A summary of fees paid to the Investment Manager is given in note 12 to the financial statements.

The Investment Manager's appointment is terminable by the Investment Manager or the Company on not less than 12 months' notice, such notice not to expire prior to the third anniversary of Admission. The Investment Management Agreement may be terminated with immediate effect and without compensation, by either the Investment Manager or the Company if the other party has gone into liquidation, administration or receivership or has committed a material breach of the Investment Management Agreement.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Management Engagement Committee at its regular scheduled meetings. Each year, a detailed review of performance pursuant to their terms of engagement is undertaken by the Management Engagement Committee.

CORPORATE GOVERNANCE REPORT CONTINUED

The Board as a whole reviewed the Company's compliance with the UK Code, the Listing Rules, the Disclosure Guidance and Transparency Rules and the AIC Code. In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Manager, in the opinion of the Directors, the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Shareholders as a whole. The Board is pleased with the performance of the Investment Manager, based on the selection of high-quality E&P, midstream, energy services, solar, lithium-ion, power and coal sectors.

RELATIONS WITH SHAREHOLDERS

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company's AGM provides a forum for Shareholders to meet and discuss issues with the Directors of the Company. The Chairman and other Directors are also available to meet with Shareholders at the AGM to hear their views and discuss any issues or concerns, including in relation to Board composition, governance and strategy, or at other times, if required.

The Company reports formally to Shareholders in a number of ways; regulatory news releases through the London Stock Exchange's Regulatory News Service, announcements are issued in response to events or routine reporting obligations. Also, an Interim Report is published each year outlining performance to 30 June and the Annual Report is published each 31 December year-end, both of which are available on the Company's website. In addition, the Company's website contains comprehensive information, including Company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance. Shareholders and other interested parties can subscribe to email news updates by registering online on the website.

The Directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the Board by the Company's Broker. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the Board, the Investment Manager or the Company Secretary, where applicable.

OTHER STAKEHOLDERS

The wider stakeholders of the Company comprise its service providers, investee companies and suppliers and the Board recognises and values these stakeholders.

As an investment trust with no employees, the Company's relationship with its service providers, including the Investment Manager, is of particular importance. Service providers have been selected and engaged based on due diligence and references including consideration of their internal controls and expertise. The Company has established a Management Engagement Committee, who review the performance of each service provider annually and provide feedback as appropriate, to maintain good working relationships.

The Company's investment helps to ensure that the investee companies have the resources to perform well, which helps to drive the local economies in which these companies are located. Responsible investing principles have been applied to each of the investments made, which ensures that appropriate due diligence has been conducted and that the terms of the investments are clearly set out and agreed with investee companies in advance.

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator, in conjunction with the Investment Manager, ensures all payments are processed within the contractual terms agreed with the individual suppliers.

WHISTLEBLOWING

The Board has considered arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.

On behalf of the Board



REUBEN JEFFERY, III

Chairman

15 February 2023

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee, chaired by Ms. Emma Davies, operates within clearly defined terms of reference, which are available from the Company's website, and include all matters indicated by Disclosure Guidance and Transparency Rule 7.1, the AIC Code and the UK Code.

Its other members are Mr. Reuben Jeffery, III and Mr. Edward Cumming-Bruce. Members of the Audit and Risk Committee must be independent of the Company's external auditor and Investment Manager. Although Mr. Reuben Jeffery, III is Chairman of the Company, the Board believes that it is appropriate for him to be a member of the Audit and Risk Committee, given the size of the Company's Board. The Audit and Risk Committee meets no less than three times in a year, and at such other times as the Audit and Risk Committee Chair requires, and meets the external auditor at least once a year.

The Committee members have considerable financial and business experience and the Board has determined that the membership as a whole has sufficient recent and relevant sector and financial experience to discharge its responsibilities and that at least one member has competence in accounting or auditing.

RESPONSIBILITIES

The main duties of the Audit and Risk Committee are to:

- monitor the integrity of the Company's financial statements and regulatory announcements relating to its financial performance and review significant financial reporting judgements;
- report to the Board on the appropriateness of the Company's accounting policies and practices;
- consider the ongoing assessment of the Company as a going concern and assessment of longer-term viability;
- review the valuations of the Company's investments prepared by the Investment Manager, and provide a recommendation to the Board on the valuation of the Company's investments;

- oversee the relationship with the external auditor, including agreeing its remuneration and terms of engagement, review its reporting, monitoring its independence, objectivity and effectiveness, ensuring that any non-audit services are appropriately considered, and making recommendations to the Board on its appointment, re-appointment or removal, for it to put to the Shareholders in general meeting;
- monitor and consider annually whether there is a need for the Company to have its own internal audit function;
- keep under review the effectiveness of the Company's internal controls, including financial controls and risk management systems;
- review and consider the UK Code, the AIC Code, and the AIC Guidance on Audit Committees; and
- report to the Board on how it has discharged its responsibilities.

The Audit and Risk Committee is aware that certain sections of the Annual Report are not subject to formal statutory audit, including the Chairman's Statement, the Investment Manager's Report and certain sections of the Directors' Remuneration Report. Financial information in these sections is reviewed by the Audit and Risk Committee.

The Audit and Risk Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The external auditor was invited to attend the Audit and Risk Committee meetings at which the Annual Report and Interim Financial Report were considered. They have the opportunity to meet with the Committee without representatives of the Investment Manager or Administrator being present at least once per year.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

FINANCIAL REPORTING

The primary role of the Audit and Risk Committee in relation to financial reporting is to review with the Administrator, the Investment Manager and the external auditor and report to the Board on the appropriateness of the Annual Report and financial statements and Interim Financial Report, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or where there has been discussion with the external auditor including going concern and viability statement;
- whether the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to financial reporting.

To aid its review, the Audit and Risk Committee considers reports from the Administrator and the Investment Manager and also reports from the external auditor on the outcomes of its half-year review and annual audit.

MEETINGS

During the year ended 31 December 2022, the Audit and Risk Committee met four times formally and there was ongoing liaison and discussion between the external auditor and the Audit and Risk Committee Chair with regards to the audit approach and the identified risks.

The matters discussed at those meetings include:

- review of the terms of reference of the Audit and Risk Committee for approval by the Board;
- review of the accounting policies and format of the financial statements;
- review and approval of the audit plan of the external auditor;
- discussion and approval of the fee for the external audit;
- detailed review of the valuations of the Company's investment portfolio and recommendation for approval by the Board;

- detailed review of the Interim Report and quarterly portfolio valuations, and recommendation for approval by the Board;
- assessment of the independence of the external auditor;
- assessment of the effectiveness of the external audit process as described on pages 45 to 46; and
- review of the Company's key risks and internal controls.

The Audit and Risk Committee met on 15 February 2023 to review the results of the audit and to consider and approve the Annual Report for the year ended 31 December 2022.

SIGNIFICANT AREAS OF JUDGEMENT CONSIDERED BY THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee has determined that a key risk of misstatement of the Company's financial statements relates to the valuation of its investments at fair value through profit or loss, in the context of the judgements necessary to evaluate market values of the underlying investments. There is also an inherent risk of management override as the Investment Manager's Profit Share is calculated based on revenue recognition and the NAV, as disclosed in note 12 to the financial statements. The Investment Manager is responsible for calculating the NAV with the assistance of the Administrator, prior to approval by the Board.

In view of the Company's investments and the nature of the assets, no adjustment to the NAV of the investments has been made, as this is deemed equivalent to fair value.

The Audit and Risk Committee reviews, considers and, if thought appropriate, recommends for the purposes of the Company's financial statements, valuations prepared by the Investment Manager in respect of the investments.

As outlined in note 4 to the financial statements, the total carrying value of the investments at fair value through profit or loss at 31 December 2022 was \$94.6 million (2021: \$87.2 million).

On a quarterly basis, the Investment Manager provides a detailed analysis of the NAV. This analysis is considered and challenged by the Audit and Risk Committee and subsequently approved by the Board. The Audit and Risk Committee has satisfied itself that the key estimates and assumptions used in the valuation model are appropriate and that the investments have been measured at fair value.

The valuation for each individual investment held by the SPVs is determined by reference to common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation, as detailed in notes 2 and 4 to the financial statements.

The valuation process and methodology was discussed with the Investment Manager and with the external auditor at the Audit and Risk Committee meetings held on 16 February 2022, 10 August 2022 and 15 February 2023. Due to the illiquid and subjective nature of the Company's SPV investments, the Investment Manager uses an independent third-party valuation provider to prepare quarterly valuations and has provided a detailed valuation report to the Company at each quarter.

Profit Share payable to the Investment Manager is based in part on NAV and calculated in accordance with the Investment Management Agreement, as summarised in note 12 to the financial statements. The Investment Manager sets out a schedule of revenue and capital profits on a quarterly and year-to-date basis, from which the Profit Share payable by the Company may be derived. This schedule is reviewed by the Administrator quarterly and by the Auditor semi-annually. As the Audit and Risk Committee comprises all Board members, the allocation of revenue profits between potential distribution payments to Shareholders and Profit Share payable to the Investment Manager is reviewed by the full Board at regular Board meetings.

The external auditor has explained the results of their audit work on valuations in the Independent Auditor's Report on pages 47 to 55. There were no adjustments proposed that were material in the context of the Annual Report and financial statements as a whole.

RISK MANAGEMENT

The Board is accountable for carrying out a robust assessment of the principal and emerging risks facing the Company, including those threatening its business model, future performance, solvency and liquidity. On behalf of the Board, the Audit and Risk Committee reviews the effectiveness of the Company's risk management processes. The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit and Risk Committee. The work of the Audit and Risk Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Strategic Report. The Audit and Risk Committee receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

INTERNAL AUDIT

The Audit and Risk Committee considers at least once a year whether or not there is a need for an internal audit function. Currently, the Audit and Risk Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

EXTERNAL AUDIT

Ernst & Young LLP has been the Company's external auditor since the Company's incorporation. This is the fourth year of audit.

The external auditor is required to rotate the audit partner every five years. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years. Under Companies Law, the re-appointment of the external auditor is subject to Shareholder approval at the AGM. The Audit and Risk Committee continues to monitor the performance of the external auditor on an annual basis and considers its independence and objectivity, taking account of appropriate guidelines. In addition, the Committee Chair continues to maintain regular contact with the lead audit partner outside the formal Committee meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters.

The Audit and Risk Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of any non-audit fees. Notwithstanding such services, the Audit and Risk Committee considers Ernst & Young LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Audit and Risk Committee are aware of the Ethical Standard 2019 that imposes a cap on fees to be charged by a company's external auditor for certain non-audit services at 70 percent of the average statutory audit fees for the previous three years. This precludes Ernst & Young LLP from providing any non-audit services not permissible under the Ethical Standard 2019 which also sets a presumption that Ernst & Young LLP should only be engaged for non-audit services where they are best placed to provide those services, for example the interim review and reporting accountant services. Note 10 details services provided by Ernst & Young LLP during the year.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

To fulfil its responsibility regarding the independence of the external auditor, the Audit and Risk Committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the committee reviews:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit;
- and feedback from other service providers evaluating the performance of the audit team.

Fees paid to the Company's Auditor during the year are as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2022 \$'000	FOR THE YEAR ENDED 31 DECEMBER 2021 \$'000
Fees to the Company's Auditor		
for audit of the statutory financial statements	206	227
for other audit related services	24	27
	230	254

Other fees paid to the Company's Auditor for other audit related services of \$24k (2021: \$27k) were in relation to a review of the Interim Report and fees paid for other non-audit services of \$nil (2021: \$nil) were in relation to regulatory advisory services.

The Audit and Risk Committee is satisfied with Ernst & Young LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated. Having carried out the review described above, and having satisfied itself that the external auditor remains independent and effective, the Audit and Risk Committee has recommended to the Board that Ernst & Young LLP be reappointed as external auditor for the year ending 31 December 2023.

The Audit and Risk Committee has provided the Board with its recommendation to the Shareholders on the re-appointment of Ernst & Young LLP as external auditor for the year ending 31 December 2023. Accordingly, a resolution proposing the re-appointment of Ernst & Young LLP as the Company's external auditor will be put to Shareholders at the AGM.

On behalf of the Audit and Risk Committee



EMMA DAVIES

Audit and Risk Committee Chair
15 February 2023

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of Riverstone Credit Opportunities Income Plc ('the Company') for the year ended 31 December 2022 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 18, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- confirming our understanding of the Directors' going concern assessment process and also engaging with the Directors and the Investment Manager to determine if all key factors were considered in their assessment;
- inspecting the Directors' assessment of going concern, including the cashflow forecast for the period to 30 June 2024 which is sixteen months from the date the financial statements were authorised for issue. In preparing the cashflow forecast, the Company has concluded that it is able to continue to meet its ongoing costs as they fall due;
- considering the appropriateness of the methods used to calculate the cashflow forecast and determining, through testing of the methodology and calculations, that the inputs and assumptions utilised were appropriate to be able to make an assessment for the Company;
- reviewing the Company's assessment of the stress testing performed and reverse stress testing considerations and assessed the likelihood of the occurrence of the reverse test scenario;
- considering the actions the Investment Manager or the Directors could take to mitigate the impact of the reverse stress test scenario. We also verified the Revolving Credit Facility available to the SPVs by obtaining a third party confirmation;
- making enquiries of the Investment Manager and the Directors and reviewing board minutes to identify risks or events that may impact the Company's ability to continue as a going concern; and
- reviewing the Company's going concern disclosures included in the Annual Report and Financial Statements in order to assess that the disclosures are appropriate and in conformity with the reporting standards.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the sixteen month period to 30 June 2024.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

OVERVIEW OF OUR AUDIT APPROACH

Key audit matters	<ul style="list-style-type: none"> • Risk of incorrect valuation of investments and resulting impact on the Statement of Comprehensive Income • Risk of incomplete or inaccurate revenue recognition, including with respect to payment in kind ('PIK') interest • Risk of incorrect calculation and allocation of the profit share payable to the Investment Manager
Materiality	<ul style="list-style-type: none"> • Overall materiality of \$984k which represents 1% of net assets.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

Climate change

There has been increasing interest from stakeholders as to how climate change will impact companies. The Company has determined that the most significant future impacts from climate change on its operations may be from environmental exposures and existing and proposed environmental legislation and regulation that may adversely affect the operations of investee companies. These are explained on page 15 in the 'principal, emerging risks and uncertainties' section of the Strategic Report, which form part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated.

As explained in note 3, governmental and societal responses to climate change risks are still developing, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of certainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of UK-adopted international accounting standards.

Our audit effort in considering climate change was focused on ensuring that the effects of climate risks disclosed on page 15 have been appropriately reflected in the significant assumptions used in estimating the valuation of investments. Details of our procedures and findings are included in our key audit matters below. We also challenged the Directors' considerations of climate change in their assessment of going concern and viability and associated disclosures.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
<p>Risk of incorrect valuation of investments and resulting impact on the Statement of Comprehensive Income (\$94,570k, 2021: \$87,125k)</p> <p>The Company invests, via other wholly owned entities, in senior secured loans and other unlisted securities issued by borrowers operating in the energy sector (2022: \$94,570k; 2021: \$87,125k).</p> <p>Third party valuation specialists prepare valuations in accordance with International Financial Reporting Standard 13 ('IFRS 13') Fair Value Measurement and International Private Equity and Venture Capital Valuation ('IPEV') guidelines with certain inputs determined by the Investment Manager and are reported to the Board quarterly. The valuation of the investments is material, complex and includes judgments and significant estimates, including the impact of climate change on significant assumptions. There is therefore a risk that the valuation of investments is materially misstated. There is also an incentive and opportunity for the Investment Manager to inflate the investment valuations.</p> <p>Unrealised gains or losses are calculated as the difference between the fair value of the investment and the book cost and contribute to a significant portion of the capital returns in the Statement of Comprehensive Income.</p>	<p>We obtained an understanding of the Investment Manager's and the Administrator's processes and controls surrounding the trade processing and valuation of investments by performing our walkthrough procedures to evaluate the design and implementation of controls.</p> <p>For a sample of investments, with the assistance of EY valuation specialists, we have:</p> <ul style="list-style-type: none"> • obtained the valuation models for the related assets to assess whether the valuation methodology adopted is consistent with the requirements of IFRS 13 and IPEV guidelines; • challenged the appropriateness of assumptions used in the application of the valuation models including the discount rate used in the yield analysis; • verified key inputs used within the valuation models to supporting documentation including valuation reports, credit agreements and paydown notices; • performed corroborative calculations and compared our results to the valuations determined by the Investment Manager; • performed back testing of the prospective financial information ('PFI') for the investee companies to assess if the current year PFI is appropriate; • considered the continued impact of COVID-19 and wider economic factors such as climate change and the Russia/Ukraine conflict throughout the procedures performed on the valuation of investments, by challenging whether the valuation methodologies and assumptions used are appropriate; and • agreed the investment valuation movements within underlying accounting records to our year-end valuation work. We also recalculated the unrealised gains/(losses) for the year, considering our procedures performed over the valuation of investments. 	<p>The results of our audit procedures identified no material misstatements in relation to the incorrect valuation of investments and resulting impact on the Statement of Comprehensive Income.</p>

INDEPENDENT AUDITOR'S REPORT CONTINUED

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
<p>Risk of incomplete or inaccurate revenue recognition, including with respect to PIK interest (2022: \$11, 967k, 2021: 8,274k)</p> <p>The Company's investment objective is to generate consistent shareholder returns, and it is therefore important that revenue is accurately recognised in order for investors to assess whether the Company is meeting this objective.</p> <p>The Company's investment in its SPVs comprises an equity and a loan investment. Investment income is receivable from the equity investment in the form of dividend income and the loan made to Riverstone International Credit Corporation ('RICC') accrues interest at a rate of 9.27% per annum. Interest is also receivable from the loans made, via the SPVs, to investee companies. There is the possibility for interest to be paid in the form of a payment-in-kind ('PIK') at both the SPV and investee company level. There is a degree of estimation required to assess the likelihood that any PIK interest accrued will be recoverable with repayment of the principal loan.</p> <p>The inputs to the calculations of the dividend and interest income are based on observable inputs.</p>	<p>We obtained an understanding of the Investment Manager and Administrator's processes and controls surrounding the calculation and recognition of revenue, including PIK interest by performing our walkthrough procedures.</p> <p>We have performed the following procedures:</p> <ul style="list-style-type: none"> reviewed the Company loan schedule and verified that there were no outstanding PIK balances due at the year-end; recalculated the interest income, vouching key inputs to the supporting loan agreement and interest income received to bank statements. We compared this to the amount recorded per the financial statements; and vouched the dividends received by the Company and a sample of cash interest repayments in the year to bank statements. <p>For the PIK interest accrued at an investee company level we have:</p> <ul style="list-style-type: none"> obtained the Administrator's calculations of PIK interest; agreed key inputs to underlying executed loan agreements; and recalculated the expected PIK interest and compared this to the amount recorded by the Administrator. In order to assess reasonableness and recoverability of the accrued PIK interest, we assessed the performance of the underlying investee companies, with reference to our procedures performed over the valuation of investments. 	<p>The results of our audit procedures identified no material misstatement in relation to the incomplete or inaccurate revenue recognition with respect to PIK interest.</p>

RISK	OUR RESPONSE TO THE RISK	KEY OBSERVATIONS COMMUNICATED TO THE AUDIT AND RISK COMMITTEE
<p>Risk of incorrect calculation and allocation of the profit share payable to the Investment Manager (2022: \$1,679k, 2021: \$668k)</p> <p>Per the terms of the Investment Management Agreement ('IMA') and the prospectus ('the agreements'), a profit share is payable to the Investment Manager at a rate of 20% where the Company's distributable income exceeds an amount equal to 4% of the Company's capital. An additional profit share of 10% is payable where the Company's distributable income exceeds an amount equal to 8% of the Company's capital. The profit share is payable quarterly with an annual reconciliation in the last quarter of the year. The annual profit share payable is subject to a cap of 5% of net asset value and a potential adjustment in the event the Company suffers a capital loss.</p> <p>There is the risk that the model used to calculate the profit share payable does not accurately reflect the terms of the agreements.</p>	<p>To address the risk that the calculation and allocation of the profit share payable to the Investment Manager is incorrect we have performed the following procedures:</p> <ul style="list-style-type: none"> • obtained an understanding of the Investment Manager and Administrator's processes and controls surrounding the profit share calculation, by performing our walkthrough procedures; • verified the model is consistent with the terms outlined in the agreement, which remain unchanged from the prior year; • recalculated the profit share payable to the Investment Manager for the year and agreed the key inputs to underlying financial records and the agreements; • verified that each of the performance conditions laid out in the agreements have been met, by comparing the Company's distributable income to the Company's capital and testing the profit share amount relative to the cap. We verified that no capital loss adjustment was required; • agreed the quarterly profit share accruals posted to the general ledger to the profit share model calculation; and • confirmed that the profit share had been appropriately allocated to the revenue column of the Statement of Comprehensive Income with respect to the nature of the Company's income receipts to date and the basis of calculation for the profit share. 	<p>The results of our audit procedures identified no material misstatement in relation to calculation and allocation of the profit share payable to the Investment Manager.</p>

INDEPENDENT AUDITOR'S REPORT CONTINUED

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be \$984k (2021: \$934k), which is 1% (2021: 1%) of net assets. We believe that net assets is the most relevant measure of Company performance to the stakeholders of the Company.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely \$738 (2021: \$700k). We have set performance materiality at this percentage based on the fact that there were no uncorrected prior year misstatements. We have also confirmed that the control environment is consistent with the prior year and there have been no significant changes in circumstances

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit and Risk Committee that we would report to them all uncorrected audit differences in excess of \$49k (2021: \$47k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. The Directors are responsible for the other information contained within the Annual Report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

CORPORATE GOVERNANCE STATEMENT

As the Company is listed on the Specialist Fund Segment of the London Stock Exchange, the Directors have voluntarily complied with the UK Corporate Governance Code (the "Code") and have prepared a Corporate Governance Statement in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority ("FCA").

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 17;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 17;
- Director's statement on whether it has a reasonable expectation that the Company will be able to continue in operation and meets its liabilities set out on page 17;

- Directors' statement on fair, balanced and understandable set out on page 34;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 30;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems set out on page 40; and;
- The section describing the work of the Audit and Risk Committee set out on page 34.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 39, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT CONTINUED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are UK-adopted international accounting standards, the Companies Act 2006, the UK Corporate Governance Code, Section 1158 of the Corporation Tax Act 2010, the Association of Investment Companies' Code and Statement of Recommended Practice and The Companies (Miscellaneous Reporting) Regulations 2018.
- We understood how the Company is complying with those frameworks through discussions with the Audit and Risk Committee and Company Secretary and review of Board minutes and the Company's documented policies and procedures.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified fraud and management override risk in relation to the incorrect calculation and allocation of the profit share payable to the Investment Manager and in relation to the incorrect valuation of investments. Further discussion of our approach is set out in the section on key audit matters above.

- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the Company Secretary's reporting to the Directors with respect to the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the Company.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters we are required to address

- Following the recommendation from the Audit and Risk Committee, we were appointed by the Company on 2 April 2019 to audit the financial statements for the year ending 31 December 2019 and subsequent financial periods. We signed an engagement letter on 24 October 2019.
- The period of total uninterrupted engagement including previous renewals and reappointments is 4 years, covering the years ending 31 December 2019 to 31 December 2022.
- The audit opinion is consistent with the additional report to the Audit and Risk Committee.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in blue ink that reads "Ernst + Young LLP." The signature is written in a cursive, flowing style.

MIKE GAYLOR (SENIOR STATUTORY AUDITOR)

for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 February 2023

Notes:

1. The maintenance and integrity of the Riverstone Credit Opportunities Income Plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Our key audit matters are consistent with those reported in our 2020 Auditor's Report.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	NOTE	31 DECEMBER 2022 \$'000	31 DECEMBER 2021 \$'000
Non-current assets			
Investments at fair value through profit or loss	4	94,570	87,125
		94,570	87,125
Current assets			
Loan interest receivable	4	1,263	1,418
Dividends receivable	4	3,451	674
Trade and other receivables	6	124	97
Cash and cash equivalents		957	4,884
		5,795	7,073
Current liabilities			
Trade and other payables	7	(1,889)	(898)
		3,906	6,175
Net current assets			
		98,476	93,300
Net assets			
Equity			
Share capital	8	908	915
Capital redemption reserve	8	92	85
Other distributable reserves	8	90,528	91,179
Retained earnings	9	6,948	1,121
Total Shareholders' funds		98,476	93,300
Number of Shares in issue at year end		90,805,237	91,545,383
Net assets per share (cents)	13	108.45	101.92

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 15 February 2023 and signed on its behalf by:



REUBEN JEFFERY, III
Chairman



EMMA DAVIES
Director

Company number: 11874946

The accompanying notes on pages 60 to 78 form an integral part of these financial statements.

All capitalised terms are defined in the list of defined terms on page 79 and 80 unless separately defined.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTE	FOR THE YEAR ENDED 31 DECEMBER 2022			FOR THE YEAR ENDED 31 DECEMBER 2021		
		REVENUE \$'000	CAPITAL \$'000	TOTAL \$'000	REVENUE \$'000	CAPITAL \$'000	TOTAL \$'000
Investment (loss)/gain							
Change in fair value of investments at fair value through profit or loss	4	-	3,944	3,944	-	(1,986)	(1,986)
		-	3,944	3,944	-	(1,986)	(1,986)
Income							
Investment income	4	11,967	-	11,967	8,274	-	8,274
		11,967	-	11,967	8,274	-	8,274
Expenses							
Directors' fees and expenses	16	(180)	-	(180)	(179)	-	(179)
Other operating expenses		(1,269)	-	(1,269)	(991)	-	(991)
Profit share	12	(1,679)	-	(1,679)	(668)	-	(668)
Total expenses		(3,128)	-	(3,128)	(1,838)	-	(1,838)
Operating profit / (loss) for the year		8,839	3,944	12,783	6,436	(1,986)	4,450
Finance income							
Interest income		65	-	65	1	-	1
Total finance income		65	-	65	1	-	1
Profit / (loss) for the year before tax		8,904	3,944	12,848	6,437	(1,986)	4,451
Tax	11	-	-	-	-	-	-
Profit / (loss) for the year after tax		8,904	3,944	12,848	6,437	(1,986)	4,451
Profit / (loss) and total comprehensive income for the year		8,904	3,944	12,848	6,437	(1,986)	4,451
Profit / (loss) and total comprehensive income attributable to:							
Equity holders of the Company		8,904	3,944	12,848	6,437	(1,986)	4,451
Earnings per share							
Basic and diluted earnings and loss per Share (cents)	13	9.76	4.32	14.08	7.03	(2.17)	4.86

All 'Revenue' and 'Capital' items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

The 'Total' column of this statement is the profit and loss account of the Company and the 'Revenue' and 'Capital' columns represent supplementary information prepared under guidance issued by the Association of Investment Companies. Profit for the year after tax also represents Total Comprehensive Income.

The accompanying notes on pages 60 to 78 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

FOR THE YEAR ENDED 31 DECEMBER 2022	NOTE	SHARE CAPITAL \$'000	CAPITAL REDEMPTION RESERVE \$'000	OTHER DISTRIBUTABLE RESERVE \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000
Opening net assets attributable to Shareholders		915	85	91,179	1,121	93,300
Repurchase and cancellation of share capital		(7)	7	(651)	-	(651)
Total comprehensive income for the year		-	-	-	12,848	12,848
Distributions paid in the year	14	-	-	-	(7,021)	(7,021)
Closing net assets attributable to Shareholders		908	92	90,528	6,948	98,476

Following the IPO of the Company, the share premium account was cancelled by a court order dated 16 July 2019. The amount standing to the credit of the share premium account of the Company, less any issue expenses set off against the share premium account, was cancelled and credited to create the other distributable reserve account. This may be applied in any manner in which the Company's profits available for distribution are able to be applied, as determined in accordance with the Companies Act 2006.

The company's total distributable reserves comprise its other distributable reserve and retained earnings, excluding unrealised movement on its investments. After taking account of cumulative unrealised gains of \$3.5m and distributions made, the total amount of reserves that were distributable as at 31 December 2022 were \$94.0m.

Details of the Company's retained earnings are shown in note 9.

FOR THE YEAR ENDED 31 DECEMBER 2021	NOTE	SHARE CAPITAL \$'000	CAPITAL REDEMPTION RESERVE \$'000	OTHER DISTRIBUTABLE RESERVE \$'000	RETAINED EARNINGS \$'000	TOTAL \$'000
Opening net assets attributable to Shareholders		915	85	91,179	3,351	95,530
Total comprehensive income for the year		-	-	-	4,451	4,451
Distributions paid in the year	14	-	-	-	(6,681)	(6,681)
Closing net assets attributable to Shareholders		915	85	91,179	1,121	93,300

After taking account of cumulative unrealised losses of \$0.5m and distributions made, the total amount of reserves that were distributable as at 31 December 2021 were \$92.8m.

The accompanying notes on pages 60 to 78 form an integral part of these financial statements.

All capitalised terms are defined in the list of defined terms on page 79 and 80 unless separately defined.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	NOTE	FOR THE YEAR ENDED 31 DECEMBER 2022 \$'000	FOR THE YEAR ENDED 31 DECEMBER 2021 \$'000
Cash flows from operating activities			
Operating profit for the financial year		12,783	4,450
Adjustments for:			
Bank interest received in cash		50	1
Movement in fair value of investments	4	(3,944)	1,986
Investment income per Statement of Comprehensive Income	4	(11,967)	(8,274)
Loan interest received	4	5,520	5,464
Dividends received		3,825	3,168
Adjustments for statement of financial position movement:			
Movement in payables		991	(28)
Movement in receivables		(12)	(13)
Net cash generated from operating activities		7,246	6,754
Cash flows from investing activities			
Investment additions	4	(16,193)	(563)
Investment proceeds	4	12,692	-
Net cash (used in) / generated from investing activities		(3,501)	(563)
Cash flows from financing activities			
Distributions paid	14	(7,021)	(6,681)
Repurchase and cancellation of share capital	8	(651)	-
Net cash used in financing activities		(7,672)	(6,681)
Net movement in cash and cash equivalents during the year		(3,927)	(490)
Cash and cash equivalents at the beginning of the year		4,884	5,374
Cash and cash equivalents at the end of the year		957	4,884

The accompanying notes on pages 60 to 78 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. GENERAL INFORMATION

The Company was incorporated and registered in England and Wales on 11 March 2019 with registered number 11874946 as a public company limited by shares under the Companies Act 2006 (the “Act”). The principal legislation under which the Company operates is the Act. The Directors intend, at all times, to conduct the affairs of the Company so as to enable it to qualify as an investment trust for the purposes of section 1158 of the Corporation Tax Act 2010, as amended.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with the UK-adopted IAS. Where presentational guidance set out in the AIC SORP, 2022 edition, is consistent with the requirements of UK-adopted IAS, the Directors have sought to prepare the financial statements on a basis compliant with the recommendations of the AIC SORP. In particular, supplementary information which analyses the Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the total Statement of Comprehensive Income.

The annual financial statements have been prepared on the historical cost basis, as modified for the measurement of certain financial instruments at fair value through profit or loss. The principal accounting policies are set out below.

Foreign currencies

The functional currency of the Company is US Dollar reflecting the primary economic environment in which the Company operates, where most transactions are expected to take place in US Dollar. Additionally, the Ordinary Shares of the Company are listed in US Dollar.

The Company has chosen US Dollar as its presentation currency for financial reporting purposes.

Transactions during the year, including income and expenses, are translated into US Dollar at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than US Dollar are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than US Dollar are translated using the exchange rates as at the dates of the initial transactions.

Non-monetary items measured at fair value in a currency other than US Dollar are translated using the exchange rates at the date when the fair value was determined. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the ‘Change in fair value of investments at fair value through profit or loss’. Exchange differences on other financial instruments were immaterial and have been included as other operating expenses in the Statement of Comprehensive Income.

Financial instruments

In accordance with IFRS 9, financial assets and financial liabilities are recognised in the Company’s Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

When financial assets are recognised initially, they are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

a) Investments at fair value through profit or loss

i. **Classification and measurement**

The Company's investments are classified as held at fair value through profit or loss as they are managed in a portfolio of assets on a fair value basis. Financial assets held at fair value through profit or loss are initially recognised at fair value, which is taken to be their cost, and are subsequently valued at fair value.

ii. **Fair value estimation**

The SPVs hold and manage the Company's underlying investments, which are valued at fair value, based on IPEV Valuation Guidelines and the UK-adopted IAS. The fair value of the SPVs is considered to be their net asset value incorporating a valuation of the underlying investments. The Directors believe that this is appropriate, as:

- the underlying investments within the SPVs are held on a fair value basis as described below and have taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates;
- the Company wholly owns the SPVs and thus is entitled to all of their economic rights; and
- the Directors take all these items into consideration and would make adjustments to net asset value, if deemed necessary.

Valuation process

The Investment Manager is responsible for proposing the valuation of the assets held by the Company through the SPVs and the Directors are responsible for reviewing the Company's valuation policy and approving the valuations.

Valuation specialist

Due to the illiquid and subjective nature of the Company's underlying investments, the Investment Manager uses a third party valuation provider to perform a full independent valuation of the underlying investments. This includes the third party valuation provider selecting the valuation methodology and/or comparable companies; identifying the cash flows and appropriate discount rate utilised in a yield analysis; and providing a final value range to the Investment Manager. The valuation adviser independently values the assets and provides analyses to support the methodology in addition to presenting calculations used to generate output.

b) **Cash and cash equivalents**

Cash includes cash on hand and demand deposits. Cash equivalents comprise other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash and cash equivalents are used for cash management purposes, primarily for the payment of expenses and distributions.

c) **Trade receivables**

Trade receivables are classified as financial assets at amortised cost. They are measured at amortised cost less impairment assessed using the simplified approach of the expected credit loss model based on current circumstances and expectations of future losses.

A financial asset is derecognised (in whole or in part) either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

2. **SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

Financial liabilities

a) Trade payables

Trade payables are classified as financial liabilities at amortised cost.

Equity

The Company's Ordinary Shares are classified as equity and upon issuance, the fair value of the consideration received is included in equity. All other share issue costs of the Company, which were otherwise chargeable to equity, were borne by the Investment Manager.

Repurchase of Ordinary Shares for cancellation

The cost of repurchasing Ordinary Shares including the related stamp duty and transactions costs is charged to the 'Other distributable reserves' and dealt with in the Statement of Changes in Equity. Share repurchase transactions are accounted for on a trade date basis. The nominal value of ordinary share capital repurchased and cancelled is transferred out of 'Share capital' and into the 'Capital redemption reserve'.

Distributions

Distributions payable are recognised as distributions in the financial statements when the Company's obligation to make payment has been established.

Income recognition

Dividend income is recognised when the Company's entitlement to receive payment is established. Interest income is recognised on an accruals basis. Interest income due, but not received, is capitalised with the principal amount of the loan and may subsequently be reclassified as loan interest receivable, when the distribution is imminent. Distribution and interest income is allocated to Revenue within the Statement of Comprehensive Income.

Expenses

Expenses include legal, accounting, auditing and other operating expenses. They are recognised on an accruals basis in the Statement of Comprehensive Income in the year in which they are incurred.

Expenses are charged through the Revenue account except those which are capital in nature, including those which are incidental to the acquisition, disposal or enhancement of an investment, which are accounted for through the Capital account.

Profit Share

Profit share is recognised on an accrual basis in the statement of Comprehensive Income for the year and is based on the Company's income. The Profit Share is payable quarterly, at the same time as the Company pays its distributions. It is subject to an annual reconciliation in the last quarter of each year.

The amount payable in respect of the annual Profit Share is as detailed in note 12.

Taxation

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies the conditions in section 1158 Corporation Tax Act 2010 and the Investment Trust (Approved Company) (Tax) Regulations 2011 for it to be approved by HMRC as an investment trust.

In respect of each accounting period for which the Company is and continues to be approved by HMRC as an investment trust, the Company will be exempt from UK corporation tax on its chargeable gains and its capital profits from creditor loan relationships. The Company will, however, be subject to UK corporation tax on its income (currently at a rate of 19 percent).

In principle, the Company will be liable to UK corporation tax on its dividend income. However, there are broad-ranging exemptions from this charge which would be expected to be applicable in respect of most of the distributions the Company may receive.

A company that is an approved investment trust in respect of an accounting period is able to take advantage of modified UK tax treatment in respect of its “qualifying interest income” for an accounting period. It is expected that the Company will have material amounts of qualifying interest income and that it may, therefore, decide to designate some or all of the distribution paid in respect of a given accounting period as interest distributions.

To the extent that the Company receives income from, or realises amounts on the disposal of, investments in foreign countries it may be subject to foreign withholding or other taxation in those jurisdictions. To the extent it relates to income, this foreign tax may, to the extent not relievably under a double tax treaty, be able to be treated as an expense for UK corporation tax purposes, or it may be treated as a credit against UK corporation tax up to certain limits and subject to certain conditions.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amount for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply to the year when a liability is settled or an asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Going Concern

The Company’s cash balance at 31 December 2022 was \$1.0 million, plus cash balances held at the SPVs of \$6.7 million. The Company currently has existing liabilities of \$1.9 million, plus a distribution payable of \$2.7 million with respect to the quarter ended 31 December 2022 and any foreseeable expenses in the period from 15 February 2023 to 30 June 2024, being the period of assessment covered by the Directors.

During the year, the SPVs entered into a Revolving Credit Facility (“facility”) Agreement for \$15.0 million with BC Partners. The SPV borrowings from the facility at 31 December 2022 were \$5 million, leaving the remaining \$10 million undrawn commitment for future borrowings. Riverstone Credit Opportunities Income PLC is the guarantor for the Revolving Credit Facility. The SPVs are required to maintain a LTV Ratio above the Covenant LTV of 22% at each borrowing request date. The LTV Ratio is calculated as the total outstanding principal and accrued interest on the facility divided by the Aggregate NAV. At 31 December 2022, the SPVs were compliant with the Covenant LTV and the full amount of the undrawn commitment is available. The SPVs also entered into a money market capital fund with JP Morgan, earning about 5% interest annually. The balance at 31 December 2022 was \$0.3 million. Additionally, the operating expenses of the trust are budgeted to be between \$2.0 million and \$2.5 million during the period of assessment including taxes and interest expense from the SPV facility. Based on the high end of this range, it would take the Company approximately four years to run out of cash.

As further detailed in note 4 to the financial statements, the Investment Manager uses a third-party valuation provider to perform a full independent valuation of the underlying investments. The Investment Manager has also assessed the recoverability of income due from the underlying investee companies and has no material concerns. Additionally, the Investment Manager and Directors have considered the cash flow forecast and a reverse stress test to determine the term over which the Company can remain viable given its current resources.

The Directors and Investment Manager expect that proceeds from loan interest repayments and realisation of investments will enable the Company to continue to pay quarterly distributions for the foreseeable future. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence to at least 30 June 2024, being a period of assessment covered by the Directors and at least 12 months from the approval of the financial statements. In making this assessment, they have considered the effects of COVID-19 and the conflict between Ukraine and Russia as outlined in the Business Review on page 17, including the various risk mitigation measures in place and do not consider these to have had a material impact on the assessment of the Company as a going concern. Accordingly, the Company continues to adopt the going concern basis of accounting in preparing the interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

2. **SIGNIFICANT ACCOUNTING POLICIES CONTINUED**

Segmental reporting

The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Company's Net Asset Value, as calculated under UK-adopted IAS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Annual Report.

For management purposes, the Company is organised into one main operating segment, which invests through its SPVs in a diversified portfolio of debt instruments, issued by Borrowers operating in the energy sector.

All of the Company's current income is derived from within the United States.

All of the Company's non-current assets are located in the United States.

Due to the Company's nature, it has no customers.

New and amended standards and interpretations not applied

Accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2023 or later periods. The following are the new or amended accounting standards or interpretations applicable to the Company:

- amendments to IAS 1 'Presentation of financial statements' on classification of liabilities, effective for annual periods beginning on or after 1 January 2023
- amendments to IAS 1 'Presentation of financial statements' and IFRS Practice Statement 2 on disclosure of accounting policies, effective for annual periods beginning on or after 1 January 2023

The impact of these amendments is not expected to be material to the reported results and financial position of the Company.

3. **SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Assessment as an Investment Entity

IFRS 10 'Consolidated Financial Statements' sets out the following three essential criteria that must be met, if a company is to be considered as an Investment Entity:

1. it must obtain funds from multiple investors for the purpose of providing those investors with investment management services;
2. it must commit to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
3. it must measure and evaluate the performance of substantially all of its investments on a fair value basis.

In satisfying the second essential criterion, the notion of an investment time frame is critical and an Investment Entity should have an exit strategy for the realisation of its investments. Also as set out in IFRS 10, further consideration should be given to the typical characteristics of an Investment Entity, which are that:

- it should have more than one investment, to diversify the risk portfolio and maximise returns;
- it should have multiple investors, who pool their funds to maximise investment opportunities;
- it should have investors that are not related parties of the entity; and
- it should have ownership interests in the form of equity or similar interests.

The Directors are of the opinion that the Company meets the essential criteria and typical characteristics of an Investment Entity as noted above. Therefore the SPVs are measured at fair value through profit or loss, in accordance with IFRS 9 'Financial Instruments'. Fair value is measured in accordance with IFRS 13 'Fair Value Measurement'.

Judgement on Valuation of SPVs

The Board's determination of whether a discount or premium should be applied to the net asset value of the SPV involves a degree of judgement due to the nature of the underlying investments and other assets and liabilities and the valuation techniques and procedures adopted by the SPV.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

Assessment of the SPVs as structured entities

The Company considers the SPVs to be structured entities as defined by IFRS 12 'Disclosure of Interests in Other Entities'. Transfer of funds by the SPVs to the Company is determined by the Investment Manager. The risks associated with the Company's investment in the SPVs are disclosed in note 15. The summarised financial information for the Company's investment in the SPVs is disclosed in note 4.

Estimates and assumptions

The area involving a high degree of judgement or complexity and where assumptions and estimates are significant to the financial statements has been identified as the risk of misstatement of the valuation of the investments (see note 4). Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Climate change

In preparing the financial statements, the Directors have considered the impact of climate change, particularly in the context of the climate change risks identified in the ESG Report section of the Strategic Report.

In preparing the financial statements, the Directors have considered the medium and longer term cash flow impacts of climate change on a number of key estimates within the financial statements, including:

- the estimates of future cash flows used in impairment assessments of the fair value of investments; and
- the estimates of future profitability used in the assessment of distributable income and profit share.

These considerations did not have a material impact on the financial reporting judgements and estimates in the current year. This reflects the conclusion that climate change is not expected to have a significant impact on the Company's short-term cash flows including those considered in the going concern and viability assessments.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The table below shows the reconciliation of the movements of level 3 assets during the year.

	FOR THE YEAR ENDED 31 DECEMBER 2022			FOR THE YEAR ENDED 31 DECEMBER 2021		
	LOANS \$'000	EQUITY \$'000	TOTAL \$'000	LOANS \$'000	EQUITY \$'000	TOTAL \$'000
Opening balance	60,049	27,076	87,125	60,049	28,499	88,548
Restructuring	213	(213)	-	-	-	-
Investment addition / (proceeds)	(865)	4,366	3,501	-	563	563
Unrealised movement in fair value of investments	-	3,944	3,944	-	(1,986)	(1,986)
	59,397	35,173	94,570	60,049	27,076	87,125

The Company's investment in its SPVs comprises a loan investment and an equity investment, as set out above. The SPVs invest in a diversified portfolio of direct and indirect investments in loans, notes, bonds and other debt instruments.

Interest receivable on the loan investment at 31 December 2022 was \$1,263k (2021: \$1,418k) and the distribution receivable on the equity investment at 31 December 2022 was \$3,451k (31 December 2021: \$674k). As at 31 December 2022, the total unfunded commitments of the Company by its SPV investments is \$7.5m (2021: \$8.4m).

Reconciliation of investment income recognised in the year

	FOR THE YEAR ENDED 31 DECEMBER 2022 \$'000	FOR THE YEAR ENDED 31 DECEMBER 2021 \$'000
Movement in loan interest receivable at year end	(155)	103
Loan interest received as cash	5,520	5,464
Total loan interest recognised in the year	5,365	5,567
Dividend income	6,602	2,707
Total investment income recognised in the year	11,967	8,274

Total cash received in relation to interest income in the year was \$5.5m (2021: \$5.5m). This comprises \$5.5m (2021: \$5.5m) of loan interest recognised in the year and \$nil (2021: \$nil) of amounts capitalised in the prior period.

Fair value measurements

IFRS 13 requires disclosure of fair value measurement by level. The level of fair value hierarchy within the financial assets or financial liabilities is determined on the basis of the lowest level input that is significant to the fair value measurement. Financial assets and financial liabilities are classified in their entirety into only one of the following 3 levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

The Directors consider observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The only financial instruments held at fair value are the instruments held by the Company in the SPVs, which are fair valued at each reporting date. The Company's investments have been classified within level 3 as the investments are not traded and contain unobservable inputs. The Company's investments are all considered to be level 3 assets.

There have been no transfers between levels during the year (2021: none). Any transfers between the levels would be accounted for on the last day of each financial period.

Valuation methodology and process

The Directors base the fair value of investment in the SPVs on the fair value of their assets and liabilities, adjusted if necessary, to reflect liquidity, future commitments, and other specific factors of the SPVs and Investment Manager. This is based on the components within the SPVs, principally the value of the SPVs' investments, in addition to cash and short-term money market fixed deposits. Any fluctuation in the value of the SPVs' investments held will directly impact on the value of the Company's investment in the SPVs.

The SPVs' investments are valued using the techniques described in the Company's valuation policy, as outlined in note 2. The Investment Manager's assessment of fair value of investments held by the SPVs is determined in accordance with IPEV Valuation Guidelines. When valuing the SPVs' investments, the Investment Manager reviews information provided by the underlying investee companies and other business partners and applies IPEV methodologies, to estimate a fair value as at the date of the Statement of Financial Position.

Initially, acquisitions are valued at cost. Subsequently, and as appropriate, the Investment Manager values the investments on a quarterly basis using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation and discounted cash flow valuation. The techniques used in determining the fair value of the Company's investments through its SPVs are selected on an investment by investment basis so as to maximise the use of market based observable inputs. These techniques also reflect the impact of primary and transition risks on the portfolio, although the impact of the risks are minimal as the maximum investment period is seven years. As disclosed in note 2, due to the illiquid and subjective nature of the Company's underlying investments, the Investment Manager uses a third party valuation provider to perform a full independent valuation of the underlying investments.

QUANTITATIVE INFORMATION OF SIGNIFICANT UNOBSERVABLE INPUTS – LEVEL 3 – SPV

Description	31 DECEMBER 2022 \$'000	VALUATION TECHNIQUE	UNOBSERVABLE INPUT	RANGE / WEIGHTED AVERAGE \$'000
SPV	94,570	Adjusted net asset value	NAV	94,570

The Directors believe that it is appropriate to measure the SPVs at their adjusted net asset value, incorporating a valuation of the underlying investments which has taken into account risks to fair value, inclusive of liquidity discounts, through appropriate discount rates.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

4. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS CONTINUED

Sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2022 are as shown below:

Description	INPUT	SENSITIVITY USED	EFFECT ON FAIR VALUE \$'000
SPV	Discount for lack of liquidity	+/- 3%	-/+ 2,837

The Company's valuation policy is compliant with both UK-adopted IAS and IPEV Valuation Guidelines and is applied consistently. As the Company's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

For the year ended 31 December 2022, the valuations of the Company's investments, through its SPVs, are detailed in the Investment Manager's Report.

The below table shows fair value sensitivities to a 100 BPS increase in the discount rate and 0.5x multiple decrease used for each industry as at 31 December 2022.

Industry	INVESTMENTS AT FAIR VALUE AS AT 31 DECEMBER 2022 \$'000	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUT(S)	RANGE		FAIR VALUE SENSITIVITY TO A 100 BPS INCREASE IN THE DISCOUNT RATE \$'000
				LOW	HIGH	
Infrastructure	29,998	Discounted cash flow	Discount rate	6%	14%	457
		Recovery Approach	EBITDA multiple	6.5x	6.5x	
		Latest round of financing	NA	NA	NA	
Infrastructure Services	36,101	Discounted cash flow	Discount rate	8%	12%	(610)
		Option Pricing Model	Risk Free Rate	4%	4%	
Energy Transition	16,560	Public comparables	EBITDA multiple	4%	8%	(783)
		Public comparables	Revenue multiple	1.3x	4.0x	
		Latest round of financing	n/a	n/a	n/a	
Services	13,022	Discounted cash flow	Discount rate	6%	7%	(666)
		Public comparables	EBITDA multiple	6.5x	7.5x	
		Waterfall Approach	NA	NA	NA	
	\$ 95,681^(a)					\$ (2,516)

(a) The difference between the fair value of the SPVs of \$94.6m and the fair value of the underlying investments at 31 December 2022 is due to cash balances of \$6.7m and residual liabilities including the RCF of \$7.7m, held within the SPVs.

The below table shows fair value sensitivities to a 100 BPS increase in the discount rate used for each industry as at 31 December 2021.

Industry	INVESTMENT TYPE	INVESTMENTS AT FAIR VALUE AS AT 31 DECEMBER 2021 \$'000	VALUATION TECHNIQUE(S)	UNOBSERVABLE INPUT(S)	RANGE		WEIGHTED AVERAGE ^(a)	FAIR VALUE SENSITIVITY TO A 100 BPS INCREASE IN THE DISCOUNT RATE \$'000	FAIR VALUE SENSITIVITY TO A 0.5X DECREASE IN THE EBITDA/REVENUE MULTIPLE \$'000
					LOW	HIGH			
Midstream	Senior Secured Loans Equity	26,462	Discounted Cash Flow	Discount rate	10%	12%	11%	(358)	NA
			Recovery Approach	EBITDA multiple	7.0x	7.0x	7.0x	NA	-
Infrastructure Services	Senior Secured Loans Equity Rights	31,916	Discounted Cash Flow	Discount rate	8%	18%	13%	(390)	NA
			Waterfall Approach	NA	NA	NA	NA	NA	NA
Energy Transition	Senior Secured Loans Equity	7,336	Discounted Cash Flow	Discount rate	8%	49%	23%	(198)	NA
			Public Comparables	EBITDA multiple	33.0x	38.0x	35.5x	NA	(21)
			Public Comparables	Revenue multiple	7.0x	7.5x	7.3x	NA	(21)
			Waterfall Approach	NA	NA	NA	NA	NA	
		65,714 ^(b)						(946)	(42)

(a) Calculated based on fair values. Weighted average is not applicable for industry categories with only one investment.

(b) The difference between the fair value of the SPVs of \$87.1m and the fair value of the underlying investments at 31 December 2021 is due to cash balances of \$22.8m and residual liabilities of \$1.4m, held within the SPVs.

5. UNCONSOLIDATED SUBSIDIARIES

The following table shows subsidiaries of the Company. As the Company is regarded as an Investment Entity as referred to in note 3, these subsidiaries have not been consolidated in the preparation of the financial statements:

Investment	PLACE OF BUSINESS	OWNERSHIP INTEREST AS AT 31 DECEMBER 2022	OWNERSHIP INTEREST AS AT 31 DECEMBER 2021
Held directly			
Riverstone International Credit Corp.	USA	100%	100%
Riverstone International Credit L.P.	USA	100%	100%
Held indirectly			
Riverstone International Credit – Direct L.P.	USA	100%	100%

The registered office of the above subsidiaries is c/o The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

5. UNCONSOLIDATED SUBSIDIARIES CONTINUED

The amounts invested in the Company's unconsolidated subsidiaries during the year and their carrying value at 31 December 2022 are as outlined in note 4, comprising:

	31 DECEMBER 2022			31 DECEMBER 2021		
	RIVERSTONE INTERNATIONAL CREDIT CORP. \$'000	RIVERSTONE INTERNATIONAL CREDIT L.P. \$'000	TOTAL \$'000	RIVERSTONE INTERNATIONAL CREDIT CORP. \$'000	RIVERSTONE INTERNATIONAL CREDIT L.P. \$'000	TOTAL \$'000
Opening balance at 1 January 2022	86,805	320	87,125	88,548	-	88,548
Restructure of investments	309	(309)	-	-	-	563
Investment additions	11,439	12,693	24,132	3	560	-
Investment realisations	(12,692)	(7,939)	(20,631)	-	-	1,986
Movement in fair value	3,523	421	3,944	(1,746)	(240)	-
Closing balance at 31 December	89,384	5,186	94,570	86,805	320	87,125

The Company intends to fund further underlying investments through its unconsolidated subsidiaries.

On December 7, 2022, the Company's SPVs entered a senior secured RCF agreement for \$15.0 million to enter into new commitments ahead of anticipated realisations, enabling the Company to minimise the drag on returns of uninvested capital. The borrowers as defined per the RCF are Riverstone International Credit - Direct L.P. and Riverstone International Credit L.P., and the guarantors are the Company, Riverstone Credit Opportunities Income Partners - Direct L.L.C., a Delaware limited liability company and Riverstone Credit Opportunities Income Partners L.L.C., a Delaware limited liability company. The first \$5.0 million of the senior secured RCF was funded at close and the remaining \$10.0 million undrawn commitment is available for future borrowings. Pursuant to the RCF agreement, the interest rate per annum on each borrowing under the RCF can be referenced to SOFR + 6.50% with a 100bps SOFR floor.

During 2022, the SPVs borrowed \$5 million, incurred \$0.3 million in fees and \$0.1m in interest. Interest is recorded in the interest expense at the SPV level and is also included in the SPVs' net asset value. The interest rate on 2022 borrowings was SOFR plus 6.50%.

There are no restrictions on the ability of the Company's unconsolidated subsidiaries to transfer funds in the form of cash distributions or repayment of loans.

6. TRADE AND OTHER RECEIVABLES

	31 DECEMBER 2022 \$'000	31 DECEMBER 2021 \$'000
Prepayments	76	76
VAT receivable	33	21
Bank interest receivable	15	-
	124	97

7. TRADE AND OTHER PAYABLES

	31 DECEMBER 2022 \$'000	31 DECEMBER 2021 \$'000
Profit share payable	1,685	668
Other payables	204	230
	1,889	898

8. SHARE CAPITAL AND RESERVES

DATE	ISSUED AND FULLY PAID	NUMBER OF SHARES ISSUED	SHARE CAPITAL	CAPITAL REDEMPTION RESERVE	OTHER DISTRIBUTABLE RESERVES	TOTAL
GBP			£'000	£'000	£'000	£'000
1 January 2022		1	-	-	-	-
31 December 2022		1	-	-	-	-
USD			\$'000	\$'000	\$'000	\$'000
1 January 2022		91,545,383	915	85	91,179	92,179
Repurchase and cancellation of Ordinary Shares		(740,146)	(7)	7	(651)	(651)
31 December 2022		90,805,237	908	92	90,528	91,528

As at 31 December 2022 the Company's issued share capital comprises 90,805,237 Ordinary Shares (2021: 91,545,383) and 1 E Share (2021: 1). Ordinary Shareholders are entitled to all distributions paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. E shares are non-redeemable shares and grant the registered holders the right to receive notice of and to attend but, except where there are no other shares of the Company in issue, not to speak or vote (either in person or by proxy) at any general meeting of the Company.

During the year, the Company repurchased and cancelled 740,146 Ordinary Shares (31 December 2021: none) as part of its buy-back programme. Further details regarding the Company's purchase of its own shares are in the Chairman's Statement on pages 4 to 5.

9. RETAINED EARNINGS

	FOR THE YEAR ENDED 31 DECEMBER 2022			FOR THE YEAR ENDED 31 DECEMBER 2021		
	REVENUE RESERVE \$'000	CAPITAL RESERVE \$'000	TOTAL \$'000	REVENUE RESERVE \$'000	CAPITAL RESERVE \$'000	TOTAL \$'000
Opening balance	1,588	(467)	1,121	1,832	1,519	3,351
Profit and total comprehensive income in the year	8,904	3,944	12,848	6,437	(1,986)	4,451
Distributions paid in the year	(7,021)	-	(7,021)	(6,681)	-	(6,681)
Closing balance	3,471	3,477	6,948	1,588	(467)	1,121

10. AUDIT FEES

Other operating expenses include fees payable to the Company's Auditor, which can be analysed as follows:

	FOR THE YEAR ENDED 31 DECEMBER 2022 \$'000	FOR THE YEAR ENDED 31 DECEMBER 2021 \$'000
Fees to the Company's Auditor		
for audit of the statutory financial statements	206	227
for other audit related services	24	27
for non-audit services	-	-
	230	254

Other fees paid to the Company's Auditor for other audit related services of \$24k (2021: \$27k) were in relation to a review of the Interim Report. There were no fees paid for other non-audit services in the year (2021: \$nil).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

11. TAX

As an investment trust, the Company is exempt from UK corporation tax on capital gains arising on the disposal of shares. Capital profits from its loan relationships are exempt from UK tax where the profits are accounted for through the Capital column of the Statement of Comprehensive Income, in accordance with the AIC SORP.

The Company has made a streaming election to HMRC in respect of distributions and is entitled to deduct interest distributions paid out of income profits arising from its loan relationships in computing its UK corporation tax liability. Therefore, no tax liability has been recognised in the financial statements.

	FOR THE YEAR ENDED 31 DECEMBER 2022			FOR THE YEAR ENDED 31 DECEMBER 2021		
	REVENUE RESERVE \$'000	CAPITAL RESERVE \$'000	TOTAL \$'000	REVENUE RESERVE \$'000	CAPITAL RESERVE \$'000	TOTAL \$'000
UK Corporation tax charge on profits for the year at 19% (2021: 19%)	-	-	-	-	-	-
	FOR THE YEAR ENDED 31 DECEMBER 2022			FOR THE YEAR ENDED 31 DECEMBER 2021		
	REVENUE \$'000	CAPITAL \$'000	TOTAL \$'000	REVENUE \$'000	CAPITAL \$'000	TOTAL \$'000
Return on ordinary activities before taxation	8,904	3,944	12,848	6,437	(1,986)	4,451
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021: 19%)	1,692	749	2,441	1,223	(377)	846
Effects of:						
Non-taxable investment losses / (gains) on investments	-	(749)	(749)	-	377	377
Non-taxable dividend income	(1,254)	-	(1,254)	(514)	-	(514)
Tax deductible interest distributions	(438)	-	(438)	(709)	-	(709)
Total tax charge	-	-	-	-	-	-

As at 31 December 2022 the Company had no unprovided deferred tax assets or liabilities. At that date, based on current estimates and including the accumulation of net allowable losses, the Company had no unrelieved losses.

Deferred tax is not provided on capital gains and losses arising on the revaluation or disposal of investments because the Company meets (and intends to continue to meet for the foreseeable future) the conditions for approval as an Investment Trust company.

On 3 March 2021, as part of the Spring Budget and subsequent announcements in September 2022, the UK Government corporation tax rate will increase from 19% to 25% (for companies with profits over £250,000), from 5 April 2023.

12. PROFIT SHARE

Under the Investment Management Agreement, the Investment Manager will not charge any base or other ongoing management fees, but will be entitled to reimbursement of reasonable expenses incurred by it in the performance of its duties. The Investment Manager will receive from the Company, a Profit Share based on the Company's income, as calculated for UK tax purposes and the Company's Capital Account. The Profit Share will be payable quarterly at the same time as the Company pays its distributions, subject to an annual reconciliation in the last quarter of each year.

The amount payable in respect of the annual Profit Share will be:

- a) an amount equal to 20 percent of the amount by which the Distributable Income exceeds an amount equal to 4 percent of the Company's Capital Amount; plus
- b) an additional amount equal to 10 percent of the amount by which the Distributable Income exceeds an amount equal to 8 percent of the Capital Amount.

The Capital Amount is equal to the gross proceeds of the issue of Ordinary Shares at IPO, plus the net proceeds of any future issues of Ordinary Shares, less any amounts expended by the Company on share repurchases and redemptions or, following the option to be given to Shareholders around the time of the Company's AGM in 2024 to elect to convert all or some of their shares into Realisation Shares.

Annual reconciliation and cap

At the end of the Company's financial year, the Profit Share will undergo an annual reconciliation. In the event that the annual reconciliation results in a reduction of the aggregate Profit Share payable to the Investment Manager, the Profit Share payable in the fourth quarter will be reduced to no less than zero by the relevant amount, with any remaining reduction carried forward to Profit Shares otherwise payable in respect of future quarters. In addition, the amount payable to the Investment Manager as a Profit Share in any year will be limited to a maximum of 5 percent of the prevailing NAV.

Capital loss adjustment

If, in any financial year the Company suffers a capital loss which (disregarding the impact of any distributions paid or payable by the Company) causes the closing Net Asset Value per Ordinary Share for the year to fall below the lower of: (a) US\$1.00; or (b) the closing Net Asset Value per Ordinary Share for the prior year, then the amount of the Distributable Income for the year equal to the amount by which the capital loss causes the Net Asset Value to fall below that threshold amount will be ignored for the purposes of calculating the Profit Share for that year. If the amount by which the capital loss causes the Net Asset Value to fall below the threshold amount is greater than the Distributable Income for the year, then the amount of any excess will be carried forward to following years until it is set off against Distributable Income in full. The capital loss test will be applied as a part of the annual reconciliation of the Profit Share.

Amounts paid or accrued as Profit Share during the year were \$1,679k (2021: \$668k).

13. EARNINGS PER SHARE AND NET ASSETS PER SHARE

	FOR THE YEAR ENDED 31 DECEMBER 2022			FOR THE YEAR ENDED 31 DECEMBER 2021		
	REVENUE	CAPITAL	TOTAL	REVENUE	CAPITAL	TOTAL
Profit/(loss) attributable to equity holders of the Company - \$'000	8,904	3,944	12,848	6,437	(1,986)	4,451
Weighted average number of Ordinary Shares in issue			91,202,984			91,545,383
Basic and diluted earnings and loss per Share from continuing operations in the year (cents)	9.76	4.32	14.08	7.03	(2.17)	4.86

There are no dilutive shares in issue.

Net assets per share

	31 DECEMBER 2022	31 DECEMBER 2021
Net assets - \$'000	98,476	93,300
Number of Ordinary Shares issued	90,805,237	91,545,383
Net assets per Share (cents)	108.45	101.92

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

14. DISTRIBUTIONS DECLARED WITH RESPECT TO THE YEAR

	2022		2021	
	DISTRIBUTION PER SHARE CENTS	TOTAL DISTRIBUTION \$'000	DISTRIBUTION PER SHARE CENTS	TOTAL DISTRIBUTION \$'000
DISTRIBUTIONS PAID DURING THE YEAR				
With respect to the year ended 31 December 2021 (2020)	1.70	1,556	2.00	1,831
With respect to the quarter ended 31 March	2.00	1,831	1.70	1,556
With respect to the quarter ended 30 June	2.00	1,818	1.80	1,647
With respect to the quarter ended 30 September	2.00	1,816	1.80	1,647
	7.70	7,021	7.30	6,681

	2022		2021	
	DISTRIBUTION PER SHARE CENTS	TOTAL DISTRIBUTION \$'000	DISTRIBUTION PER SHARE CENTS	TOTAL DISTRIBUTION \$'000
DISTRIBUTIONS DECLARED AFTER 31 DECEMBER 2022 AND NOT ACCRUED IN THE YEAR				
With respect to the quarter ended 31 December	3.00	2,746	1.70	1,556

On 15 February 2023, the Board approved a distribution of 2.00 cents per share with a special 1.00 per share special distribution in respect to the quarter ended 31 December 2022. The record date for the distribution is 24 February 2023 and the payment date is 24 March 2023.

15. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company's investing activities, through its investment in the SPVs, intentionally expose it to various types of risks that are associated with the underlying investee companies of the SPVs. The Company makes the investment in order to generate returns in accordance with its investment policy and objectives.

The most important types of financial risks to which the Company is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board of Directors has overall responsibility for the determination of the Company's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

The Investment Manager and the Administrator provide advice to the Company which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Investment Manager and the Administrator report to the Board on a quarterly basis.

Categories of financial instruments

For financial assets and liabilities carried at amortised cost, the Directors are of the opinion that their carrying value approximates to their fair value

	31 DECEMBER 2022 \$'000	31 DECEMBER 2021 \$'000
Financial assets		
Investment at fair value through profit or loss:	94,570	87,125
Investment in the SPVs		
Other financial assets:		
Cash and cash equivalents	957	4,884
Loan interest receivable	1,263	1,418
Dividends receivable	3,451	674
Trade and other receivables	124	97
Financial liabilities		
Financial liabilities:		
Trade and other payables	(1,889)	(898)

Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the capital return to Shareholders. The capital structure of the Company consists of issued share capital, retained earnings and other distributable reserves, as stated in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the Company may buy back shares or issue new shares. There are no external capital requirements imposed on the Company.

During the year ended 31 December 2022, the Company had no borrowings (2021: \$nil).

The Company's investment policy is set out in the Strategic Report on page 6.

Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

a) Price risk

The underlying investments held by the SPVs present a potential risk of loss of capital to the SPVs and hence to the Company. The Company invests through the SPVs and as outlined in note 4, investments in the SPVs are in the form of senior loans and equity with protective provisions in place. Price risk arises from uncertainty about future prices of underlying financial investments held by the SPVs. As at 31 December 2022, the fair value of investments, excluding cash and cash equivalents, was \$87,879k (2021: \$64,345k) and a 3% percent increase / (decrease) (2021: 3 percent) in the price of investments with all other variables held constant would result in a change to the fair value of investments of + / - \$2,636k (2021: \$1,930k). A change in interest rates could have an impact on the price risk associated with the underlying investee companies, which is factored into the fair value of investments. Please refer to note 4 for quantitative information about the fair value measurements of the Company's Level 3 investments.

The SPVs are exposed to a variety of risks which may have an impact on the carrying value of the Company's investments. The SPVs' risk factors are set out in (a)(i) to (a)(iii) below.

i. Not actively traded

The SPVs' investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The underlying investments of the SPVs vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

ii. Concentration

The Company, through the SPVs, invests in the energy sector, with a particular focus on businesses that engage in oil and gas E&P and midstream investments in that sector. This means that the Company is exposed to the concentration risk of only making investments in the energy sector, which concentration risk may further relate to sub-sector, geography, and the relative size of an investment or other factors. Whilst the Company is subject to the investment and diversification restrictions in its investment policy, within those limits, material concentrations of investments may arise.

Although the investments are in the same industry, this risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Investment Manager.

The Board and the Investment Manager monitor the concentration of the investment in the SPVs on a quarterly basis to ensure compliance with the investment policy.

iii. Liquidity

The Company's liquidity risk lies with its SPVs as the amount of cash invested through the SPVs in the underlying investments is dynamic in nature. The SPVs will maintain flexibility in funding by keeping sufficient liquidity in their borrowings, cash and cash equivalents. Cash and cash equivalents may be invested on a temporary basis in line with the cash management policy as agreed by the Board from time to time.

As at 31 December 2022, \$6.7 million or 7.0 percent (2021: \$22.8 million or 20.0 percent) of the SPVs' financial assets, were money market fixed deposits and cash balances held on deposit with several A- or higher rated banks.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

15. FINANCIAL RISK MANAGEMENT CONTINUED

b) Foreign currency risk

The Company has exposure to foreign currency risk due to the payment of some expenses in Pounds Sterling. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the US Dollar. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

The following table sets out, in US Dollars, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

AS AT 31 DECEMBER 2022	\$ \$'000	£ \$'000	TOTAL \$'000
Non-current assets			
Investments at fair value through profit or loss	94,570	-	94,570
Total non-current assets	94,570	-	94,570
Current assets			
Loan interest receivable	1,263	-	1,263
Trade and other receivables	91	33	124
Dividends receivable	3,451	-	3,451
Cash and cash equivalents	956	1	957
Total current assets	5,761	34	5,795
Current liabilities			
Trade and other payables	(1,883)	(6)	(1,889)
Total current liabilities	(1,883)	(6)	(1,889)
Total net assets	98,448	28	98,476

AS AT 31 DECEMBER 2021	\$ \$'000	£ \$'000	TOTAL \$'000
Non-current assets			
Investments at fair value through profit or loss	87,125	-	87,125
Total non-current assets	87,125	-	87,125
Current assets			
Loan interest receivable	1,418	-	1,418
Trade and other receivables	76	21	97
Dividends receivable	674	-	674
Cash and cash equivalents	4,883	1	4,884
Total current assets	7,051	22	7,073
Current liabilities			
Trade and other payables	(896)	(2)	(898)
Total current liabilities	(896)	(2)	(898)
Total net assets	93,280	20	93,300

The Directors do not consider that the foreign currency exchange risk at the balance sheet date is material and therefore sensitivity analysis for the foreign currency risk has not been provided.

c) **Interest rate risk**

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents held directly and through the Company's SPVs as well as interest expense on the Revolving Credit Facility held at the Company's SPV. The Company is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the Statement of Financial Position, the majority of the SPVs' cash and cash equivalents were held on interest bearing fixed deposit accounts. Any exposure to interest rate risk at the underlying investment level is captured within price risk.

The Company has no other interest-bearing assets or liabilities as at the reporting date. As a consequence, the Company is only exposed to variable market interest rate risk. As at 31 December 2022, cash balance held by the Company (including cash held at the SPVs) was \$7.7 million (2021: \$27.7 million). A 1.0 percent (2021: 0.5 percent) increase / (decrease) in interest rates with all other variables held constant would result in a change to interest received of + / - \$78,480 (2021: \$138,319) per annum.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price. The Company's liabilities are made up of estimated accruals and trade creditors which are due to be settled within three months of the year end.

Riverstone Credit Opportunities Income PLC is the guarantor for the Revolving Credit Facility. The SPVs are required to maintain a LTV Ratio above the Covenant LTV of 22% at each borrowing request date. The LTV Ratio is calculated as the total outstanding principal and accrued interest on the facility divided by the Aggregate NAV. At 31 December 2022, the SPVs were compliant with the Covenant LTV and the full amount of the undrawn commitment is available.

The Company adopts a prudent approach to liquidity management and through the preparation of budgets and cash flow forecasts maintains sufficient cash reserves to meet its obligations.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Any exposure to credit risk at the underlying investment level is captured within price risk.

The carrying value of the underlying investments held by the SPVs as at 31 December 2022 was \$95.7 million (2021: \$65.7 million).

Financial assets mainly consist of cash and cash equivalents and investments at fair value through profit or loss. The Company's risk on liquid funds is reduced because it can only deposit monies with institutions with a minimum credit rating of 'A'. The Company mitigates its credit risk exposure on its investments at fair value through profit or loss by the exercise of due diligence on the counterparties of the SPVs and the Investment Manager.

The table below shows the material cash balances and the credit rating for the counterparties used by the Company at the year-end date:

	LOCATION	RATING	31 DECEMBER 2022 \$'000	LOCATION	RATING	31 DECEMBER 2021 \$'000
Counterparty						
JPMorgan Chase Bank	USA	A-	957	USA	A-	4,884

The Company's maximum exposure to loss of capital at the year end is shown below:

Carrying value and maximum exposure

	31 DECEMBER 2022 \$'000	31 DECEMBER 2021 \$'000
31 December 2022		
Investment at fair value through profit or loss	94,570	87,125
Investments in the SPVs		
Other financial assets (including cash and equivalents but excluding prepayments)	5,719	6,997

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

Gearing

As at the date of these financial statements the Company has no gearing (2021: none).

16. RELATED PARTY TRANSACTIONS**Directors**

The Company has three non-executive Directors. Directors' fees for the year ended 31 December 2022 amounted to \$148k (2021: \$164k), of which \$nil was outstanding at year end (2021: \$nil). Amounts paid to Directors as reimbursement of travel and other incidental expenses during the year amounted to \$32k (2021: \$15k), of which \$nil was outstanding at year end (2021: \$nil). The Chairman increased his shareholding in the Company by 50k shares, the total shareholding is now 100k, as disclosed in the Directors' Remuneration Report.

SPVs

In 2019, the Company provided a loan to the US Corp. of \$62.1m which accrues interest at 9.27 percent. Any interest that is unable to be repaid at each quarter end is capitalised and added to the loan balance. Total interest in relation to the year was \$5.4m (2021: \$5.6m) of which \$5.5m was received in cash (2021: \$5.5m), \$nil was capitalised (2021: \$nil) and \$1.3m remained outstanding at 31 December 2022 and will be received in March 2023 (31 December 2021: \$1.4m outstanding, received on 11 January 2022). The balance on the loan investment at 31 December 2022 was \$59.4m (2021: \$60.1m).

During the year, the SPVs entered into a Revolving Credit Facility ("facility") Agreement for \$15.0 million with BC Partners. The SPV borrowings from the facility at 31 December 2022 were \$5 million, leaving the remaining \$10 million undrawn commitment for future borrowings. Riverstone Credit Opportunities Income PLC is the guarantor for the Revolving Credit Facility. The SPVs are required to maintain a LTV Ratio above the Covenant LTV of 22% at each borrowing request date. The LTV Ratio is calculated as the total outstanding principal and accrued interest on the facility divided by the Aggregate NAV. At 31 December 2022, the SPVs were compliant with the Covenant LTV and the full amount of the undrawn commitment is available.

The Company's other investments in its SPVs are made via equity shareholdings as disclosed in note 4.

Investment Manager

The Investment Manager is an affiliate of Riverstone and provides advice to the Company on the origination and completion of new investments, the management of the portfolio and on realisations, as well as on funding requirements, subject to Board approval. For the provision of services under the Investment Management Agreement, the Investment Manager earns a Profit Share, as detailed in note 12. The Investment Manager is entitled to reimbursement of any reasonable expenses incurred in relation to management of the Company and amounts reimbursed during the year were \$190k (2021: \$31k). Christopher Abbate, a partner of the IM and portfolio manager of RCOI, purchased 5k shares during the year (2021: nil). Jamie Brodsky, also a partner of the IM and portfolio manager of RCOI, purchased nil shares during the year (2021: 30k).

17. ULTIMATE CONTROLLING PARTY

In the opinion of the Board, on the basis of the shareholdings advised to them, the Company has no ultimate controlling party.

18. SUBSEQUENT EVENTS

With the exception of distributions declared and disclosed in note 14, there are no other material subsequent events.

GLOSSARY OF CAPITALISED DEFINED TERMS

Administrator means Ocorian Administration UK Limited

Admission means admission of the Ordinary Shares on 28 May 2019, to the Official List and/or admission to trading on the Specialist Fund Segment of the London Stock Exchange, as the context may require

AGM means Annual General Meeting

AIC means the Association of Investment Companies

AIC Code means the AIC Code of Corporate Governance

AIC SORP means the Statement of Recommended Practice issued by the AIC in November 2014 and updated in January 2017 for the Financial Statements of Investment Trust Companies and Venture Capital Trusts

Annual Report means the Company's yearly report and financial statements for the year ended 31 December 2022

Auditor means Ernst & Young LLP or EY

Board means the Directors of the Company

Borrower means entities operating in the energy sector that issue loans, notes, bonds, and other debt instruments including convertible debt

CA means the Companies Act 2006 which forms the primary source of UK company law

Capital Amount means the amount of gross proceeds of the IPO, plus the net proceeds of any future issues of Ordinary Shares, less any amounts expended by the Company on share repurchases and redemptions or, following a Realisation Election, attributable to Realisation Shares

Company or **RCOI** means Riverstone Credit Opportunities Income Plc

D&C means drilling and completion

D&I means Diversity and Inclusion

Directors means the Directors of the Company

Distributable Income means the Company's income, as calculated for UK tax purposes

DTR means the Disclosure Guidance and Transparency Rules sourcebook issued by the Financial Conduct Authority

ESG means environmental, social and governance

ESG-ME means ESG Minimum Expectations

E&P means exploration and production

FCA means the UK Financial Conduct Authority (or its successor bodies)

Firm or Investment Manager means Riverstone Investment Group LLC

GHG mean greenhouse gases

IAS means the international accounting standards

IFRS means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board.

ILPA means Institutional Limited Partners Association

Investment Management Agreement means the Investment Management Agreement entered into between the Investment Manager and the Company

IPCC means Intergovernmental Panel on Climate Change

IPEV Valuation Guidelines means the International Private Equity and Venture Capital Valuation Guidelines

GLOSSARY OF CAPITALISED DEFINED TERMS CONTINUED

IPO means the initial public offering of shares by a private company to the public

IRR means internal rate of return

ISSB means International Sustainability Standards Board

LCA means Life Cycle Analysis

LDPE means low-density polyethylene

Listing Rules means the listing rules made by the UK Listing Authority under Section 73A of the Financial Services and Markets Act 2000

London Stock Exchange or **LSE** means London Stock Exchange plc

LSTA means Loan Syndications & Trading Association

LTV means loan to value ratio

Main Market means the main market of the London Stock Exchange

MOIC mean multiple on invested capital

NAV or **Net Asset Value** means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy and expressed in US dollars

NnG Offshore Wind Project means the Neart na Gaoithe offshore wind farm project

Ordinary Shares means ordinary shares of \$0.01 in the capital of the Company issued and designated as 'Ordinary Shares' and having the rights, restrictions and entitlements set out in the Company's articles of incorporation

Other Riverstone Funds means other Riverstone-sponsored, controlled or managed entities, which are or may in the future be managed or advised by the Investment Manager or one or more of its affiliates, excluding the SPV

Profit Share means the payments to which the Investment Manager is entitled in the circumstances and as described in the notes to the financial statements

RBL means reserved base loan

RCP means Riverstone Credit Partners

RCOI mean Riverstone Credit Opportunities Income plc or the Company

Riverstone means Riverstone Investment Group LLC or the Investment Manager

Realisation Shares means realisation shares of US\$0.01 in the capital of the Company, as defined in the prospectus

SPV means any intermediate holding or investing entities that the Company may establish from time to time for the purposes of efficient portfolio management and to assist with tax planning generally and any subsidiary undertaking of the Company from time to time

Specialist Fund Segment means the Specialist Fund Segment of the London Stock Exchange's Main Market

TCFD means the Task Force on Climate-Related Financial Disclosures

Toolkit means the Riverstone ESG Toolkit

UK or **United Kingdom** means the United Kingdom of Great Britain and Northern Ireland

UK Code means the UK Corporate Governance Code issued by the FRC

US or **United States** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia

US Corp. means Riverstone International Credit Corp.

DIRECTORS AND GENERAL INFORMATION

DIRECTORS

Reuben Jeffery, III (Chairman) (appointed 2 April 2019)
Emma Davies (Audit and Risk Committee Chair) (appointed 2 April 2019)
Edward Cumming-Bruce (Nomination Committee Chair) (appointed 2 April 2019)
all independent and of the registered office below

Registered Office

5th Floor
20 Fenchurch Street
London
EC3M 3BY

Investment Manager

Riverstone Investment Group LLC
c/o The Corporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington
Delaware 19801

Company Secretary and Administrator

Ocorian Administration (UK) Limited
5th Floor
20 Fenchurch Street
London
EC3M 3BY

Independent Auditor

Ernst & Young LLP
25 Churchill Place
London
E14 5EY

Legal Adviser to the Company

Hogan Lovells LLP
Atlantic House
50 Holborn Viaduct
London
EC1A 2FG

Principal Banker and Custodian

J.P. Morgan Chase Bank, N.A.
270 Park Avenue
New York
NY 10017-2014

Website: www.riverstonecoi.com

ISIN GB00BJHPS390

Ticker RCOI

Sedol BJHPS39

Registered Company Number 11874946

Registrar

Link Asset Services
The Registry
Central Square
29 Wellington Street
Leeds
LS1 4DL

Sole Bookrunner

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London
E14 5JP

Receiving Agent

Link Asset Services
Corporate Actions
The Registry
Central Square
29 Wellington Street
Leeds
LS1 4DL

SWISS SUPPLEMENT

ADDITIONAL INFORMATION FOR INVESTORS IN SWITZERLAND

This Swiss Supplement is supplemental to, forms part of and should be read in conjunction with the annual report for the half year ended December 31, 2022 for Riverstone Credit Opportunities Income Plc (the ‘Fund’).

The Fund has appointed Société Générale as Swiss Representative and Paying Agent. The Confidential Memorandum, the Articles of Association as well as the annual report of the Fund can be obtained free of charge from the representative in Switzerland, Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zurich. The paying agent of the Fund in Switzerland is Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zurich. The Company may offer Shares only to qualified investors in Switzerland. In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Swiss Representative.

CAUTIONARY STATEMENT

The Chairman's Statement and Investment Manager's Report have been prepared solely to provide additional information for Shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Investment Manager's Report may include statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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RCOI

Riverstone Credit
Opportunities Income Plc



**RIVERSTONE CREDIT
OPPORTUNITIES INCOME PLC**

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London, W1W 8DH

Company number: 11874946

www.riverstonecoi.com